UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF FLORIDA

Securities & Exchange Commission, Case No.: 9:20-cv-81205-RAR

Plaintiff,

v.

Complete Business Solutions Group, Inc., *et al.*

Defendants.
____________________________________/

PARKER PLAINTIFFS' OBJECTION TO THE (I) MOTION FOR APPROVAL OF SETTLEMENT AMONG RECEIVER, PUTATIVE CLASS PLAINTIFFS, AND ECKERT SEAMANS, AND (II) MOTION FOR APPROVAL OF ATTORNEYS' FUND

Plaintiffs in the action styled *Dean Parker et al. v. John W. Pauciulo and Eckert Seamans*, pending in the Court of Common Pleas of Philadelphia County, Case No. 0892, December Term 2020 (the "Parker Plaintiffs"), respectfully submit this Objection to the (i) Motion for Approval of Settlement Among Receiver, Putative Class Plaintiffs, and Eckert Seamans ("Eckert") [Dkt. No. 1861] (the "Motion"), and (ii) Motion for Approval of Attorneys' Fund [Dkt. No. 1913], filed by Levine Kellogg Lehman Schneider & Grossman LLP on behalf of certain purported class counsel (the "Fee Motion"), and in support thereof, state as follows:[1]

[1] The Parker Plaintiffs include Joseph R. Cacchione, Francis Cassidy, Yajun Chu, Brian Drake, Joseph Gassman, David Gollner, Kurt Hemry, Sherri Marini, Andrew McKinley, Christopher McMorrow, Mark Nardelli, Paul Nick, Davis Parker, Dean Parker, Daniel Reisinger, Philip Sharpton, Michael Tierney, Legacy Advisory Group, Merchant Factoring Income, LLC, Victory Income Fund, LLC, Workwell Fund I, LLC, Cape Cod Income Fund, Wellen Fund 1, LLC, LWM Income Fund, 2, LLC, LWM Equity Fund, L.P., LWM Income Fund Parallel, LLC, Blue Stream Income Fund, LLC, Jade Funding, LLC, MK One Income Fund, LLC, GR8 Income Fund, LLC, STFG Income Fund, LLC, RAZR MCA Fund, LLC, Mariner MCA Income Fund, LLC, MCA Carolina Income Fund, LLC, and Merchant Services Income Fund, LLC.

PRELIMINARY STATEMENT

The Motion should be denied because the proposed settlement is not fair, adequate or reasonable. It was not made in good faith after an adequate investigation. And it attempts to bar the claims of third parties in violation of existing Eleventh Circuit and Southern District of Florida caselaw, as well as the Supreme Court's recent decision in *Harrington v. Purdue Pharma, L.P.*, 603 U.S. __ (2024).

By this settlement, the Receiver seeks to obtain approximately $45 million to settle (i) "potential" claims against Eckert that the Receiver has not yet brought or even clearly identified, and (ii) conspiracy and fraud-based claims against Eckert brought by putative class plaintiffs that appear to have not been litigated and that are insufficiently pleaded, legally deficient and not likely provable. Essential to the proposed settlement -- indeed, the only apparent reason Eckert would agree to tender its insurance limits to settle highly-attenuated claims -- is the entry of an Order barring the Parker Plaintiffs' far stronger legal malpractice claims, which are based on their contractual privity and attorney/client relationship with Eckert.

Significantly, and contrary to the representations made by the Receiver to the Court in his Motion, the purported class claims could not have been "litigated" given the Court's order staying such litigation, and to that end, there appears to have been no formal discovery (the Receiver asserts there has been some "informal" discovery, but fails to identify the nature and substance of such discovery). All that has occurred is a group of law firms filed purported class action complaints based largely on the SEC's Complaint, and then proceeded with the Receiver to negotiate what appears to be a collusive "settlement" of their purported claims -- and the Parker Plaintiffs' claims -- without permitting the Parker Plaintiffs to participate in the negotiations (while negotiating a nearly $7 million fee for their efforts). Worse still, the Receiver

has refused to provide the Parker Plaintiffs with information concerning the negotiations, and the basis for the proposed settlement, despite repeated requests therefor. (*See* Emails attached as Composite Exhibit A.)

But regardless of the impropriety of the process by which the settlement was crafted, the proposed settlement is not fair, adequate or reasonable because it seeks to settle purported claims against a non-Receivership entity -- asserted by an uncertified class -- that the Receiver simply does not possess under any analysis of the Receivership Estate. And it wrongfully seeks to exercise dominion over assets -- Eckert's malpractice insurance proceeds -- that should primarily benefit the Parker Plaintiffs.[2] And, the Receiver in his Motion fails to provide the Court with any analysis of the factual basis for the claims beyond the bare allegations in the purported class action complaints. Nor does the Receiver disclose the information he supposedly relied upon in evaluating those claims. Thus, there does not appear to have been an informed assessment by the Receiver of the likelihood of success, the range of potential recovery, or the other factors that must be demonstrated to obtain approval of the proposed settlement.

Even if the relevant analysis had been conducted (it has not), the proposed bar order -- which is an essential part of the Settlement -- violates existing law. Indeed, the United States Supreme Court recently rejected the propriety of such orders in *Harrington v. Purdue Pharma, L.P.,* 603 U.S. __ (2024). While the Supreme Court's holding is limited to a plan of reorganization under Chapter 11 of the Bankruptcy Code, the Court in *Purdue Pharma* expressly states that it took the case "to resolve a longstanding and deeply entrenched disagreement

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[2] Rejection of the settlement would not preclude the Purported Class Action Plaintiffs from pursuing their claims against Eckert. Of course, the quality of those claims and the availability of Eckert's malpractice coverage to satisfy those claims is highly questionable. (*See* Eckert's motion to dismiss the Pennsylvania Purported Class Action, attached hereto as Exhibit B.)

between lower courts over the legality of nonconsensual third-party releases." (*Id.* at 17 n. 6). In doing so, the Supreme Court rejects the holdings in decisions like *In Re Seaside Eng'g & Surveying, Inc.*, 780 F.3d 1070 (11th Cir. 2015), and other caselaw relied upon by the Receiver. Thus, the Supreme Court's holding and reasoning in *Purdue Pharma* bar the proposed third-party release in this case because, like the release in *Purdue Pharma*, the proposed release lacks the consent of the barred parties (*e.g.*, the Parker Plaintiffs), and Eckert, like the Sacklers, appears not to have placed all of its assets on the table for distribution.

But even if *Purdue Pharma* is not dispositive, the controlling caselaw in this District and in the Eleventh Circuit makes clear that the bar order in this case is improper. *See Seaside*, 780 F.3d at 1076 (bar orders "ought not to be issued lightly," and should only be entered in those "unusual" situations where such an Order is "essential" and where it is "fair and equitable under all the facts and circumstances"); *see also U.S. Oil Gas Litigation*, 967 F.2d 489, 493-96 (11th Cir. 1992). Indeed, the proposed bar order is not fair or reasonable to the Parker Plaintiffs. The Parker Plaintiffs have clearer, stronger and therefore far superior claims to the settlement proceeds, if for no other reason than they have contractual privity with Eckert and Eckert directly owes them professional and fiduciary duties. The bar order would deprive the Parker Plaintiffs of those claims, and the benefits of their bargained for exchange with Eckert, as set forth in their retainer agreements. Thus, the circumstances are such that all other claimants to the Receivership Estates would be considered equals to the Parker Plaintiffs, when they plainly are not.

Moreover, contrary to the Receiver's assertion, the Parker Plaintiffs' malpractice claims are not sufficiently interrelated with the Receiver's "potential" (and unidentified) claims and the attenuated claims brought by the purported class plaintiffs. The Parker Plaintiffs' claims arise

out of the direct contractual and professional obligations owned by Eckert to the Parker Plaintiffs. By contrast, the conspiracy and aiding abetting claims brought by the purported class plaintiffs, as alleged, do not arise out of any duty owed by Eckert because none of those plaintiffs retained Eckert as their attorneys and Eckert did not give them any legal advice. Nor is Eckert the primary target of the purported class actions; Dean Vagnozzi, his family and other legal entities are the primary targets. Thus, the purported claims arise, if at all, out of a general harm allegedly suffered by every Par Funding investor. The Receiver does not cite to a single reported decision approving a bar order with respect to such disparate claims.

Nor can the proposed bar order be justified by the Receiver's false assertion that the Parker Plaintiffs "bear some responsibility" for the fraud. (Motion at 5, 20-21, 29.) The only statement in the Motion that arguably relates to that accusation is that the SEC recently alleged that two of the 34 Parker Plaintiffs participated in the Par Funding Fraud. Putting aside that those allegations have yet to be proven and are not directed to any of the other 32 Parker Plaintiffs, it is highly improper for the Receiver to accuse all of the Parker Plaintiffs of participating in the fraud based on an allegation against just two of them. And the extent to which the Receiver is willing to do belies his position.

In short, the Receiver is seeking to settle claims that he does not own and that are attenuated at best -- and thereby seeking to obtain funds that do not belong to the Receivership Estates -- by offering up an Order from this Court barring the Parker Plaintiffs' far superior claims. The Court should not permit the Receiver to achieve such an inequitable and unjust result.

RELEVANT FACTUAL BACKGROUND

A. The SEC Action.

On July 24, 2020, the United States Securities and Exchange Commission ("SEC") initiated an enforcement action against Joseph LaForte, Lisa McElhone and other entities and individuals, including Dean Vagnozzi. The SEC's Amended Complaint [Dkt. No. 119] contains significant detail about "the web" of fraudulent securities offerings perpetrated by the named defendants. Through 58 pages, 294 Paragraphs and 8 counts, the SEC details the fraudulent scheme and the parties involved. The Amended Complaint contains no allegations directed at Eckert, Pauciulo or any other attorney at Eckert. Indeed, there is not a single mention of any of them.

Contemporaneous with the initiation of the enforcement action, the SEC sought the appointment of a Receiver. [Dkt. No. 4]. On July 27, 2020, the Court granted the SEC's motion and entered an Order appointing a Receiver over several Receivership Entities, with the authority to settle claims held by the Receivership Entities [Dkt No. 36] (the "Order Appointing Receiver"). None of those entities include the Parker Plaintiffs (or any the purported class members).

On August 13, 2020, the Court amended the Order Appointing Receiver to enter a stay of all litigation "involving" the Receivership Entities (the "Litigation Stay"). [Dkt. No.141.]

B. The Purported Class Actions Against Eckert.

On August 2, 2020, before entry of the Litigation Stay, a purported class action was filed in Delaware against the Receivership Entities, Eckert and Pauciulo (the "Delaware Purported Class Action"). (*See* Complaint attached hereto as Exhibit C.)

After the entry of the Litigation Stay, two purported class actions were filed by the same counsel against Vagnozzi, his family and other entities, along with Eckert and Pauciulo. On September 9, 2020, a purported class action was filed in Florida (the "Florida Purported Class Action"). (*See* Complaint attached hereto as Exhibit D.) And on November 6, 2020, a purported class action was filed in Pennsylvania (the "Pennsylvania Purported Class Action"; collectively with the Delaware and Florida Purported Class Actions, the "Purported Class Actions"). (*See* Complaint attached hereto as Exhibit E.)

The Pennsylvania and Delaware Purported Class Actions have few allegations concerning Pauciulo, other than alleging that Pauciulo drafted some of the relevant documents and prepared a video presentation supporting the Par Funding investments. (*See, e.g.,* Ex. E ¶¶ 103-06, 108-15, 116-19, 121-22, 126-133.) Critically, there is no allegation in any of the Purported Class Actions that the named class plaintiffs -- or any of the proposed class members -- retained Eckert or Pauciulo as their attorneys. There is no allegation in any of the Purported Class Actions that the named plaintiffs -- or any of the proposed class members -- were in contractual privity with Eckert or Pauciulo. And there is no allegation in any of the Purported Class Actions that the named plaintiffs -- or any of the proposed class members -- received legal advice from Eckert or Pauciulo.

Instead, the gravamen of the allegations against Eckert and Pauciulo in the Purported Class Actions are that Eckert and Pauciulo conspired with, and aided and abetted, the Receivership Entities. However, there are no specific allegations in the Purported Class Actions that establish that Eckert had knowledge of, or assisted in, the Par Funding fraud. The

allegations are entirely conclusory, and fall far short of the specificity required. (*See* Ex. B at 14.)[3]

Other than the briefing on Eckert's motion to dismiss in the Pennsylvania Purported Class Action, the docket reflects that nothing has occurred in the Purported Class Actions. No class has been certified, and there has been no formal discovery (although the Receiver suggests in his Motion that there has been some kind of undisclosed "informal" discovery). (*See* Dockets attached as Exhibits F-H.)[4]

C. <u>The Parker Plaintiffs' Lawsuit Against Eckert.</u>

On March 16, 2021, the Parker Plaintiffs sued their counsel, John Pauciulo and Eckert, in the Court of Common Pleas in Philadelphia County (the "Parker Action"). A copy of the Complaint in the Parker Action is attached hereto as Exhibit I.

In their 92-page Verified Complaint, the Parker Plaintiffs -- which invested more than $47 million of their clients' funds in Par Funding -- detail their retention of Eckert as counsel to, among other things, form the investment vehicles, prepare the offering memoranda, and provide

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[3] The claims in the Purported Class Actions are tenuous at best. They are difficult claims to plead and to prove and may not be recognized under Pennsylvania law. To that end, Eckert's motion to dismiss addresses a number of the pleading and legal deficiencies in the complaint in the Pennsylvania Purported Class Action. (*See* Ex. B at 4-24.) Eckert's motion has been denied as moot in light of the proposed settlement at issue in this Motion.

[4] In this light, the Receiver appears to mislead the Court in the Motion by repeatedly asserting that the Purported Class Action claims have been "litigated," and that the Receiver has sufficiently evaluated those claims and his "potential" claims. (*See, e.g.,* Motion at 3: reference to "three years of litigation"; at 8: reference to the Purported Class Actions being litigated for "extensive periods of time"; at 8: reference to "formal and informal discovery" comprising "tens of thousands of documents," without an explanation of what discovery or documents the Receiver is referencing; at 15: statement that "class counsel litigated and evaluated the defenses" to the claims.) While the Fee Motion filed by class counsel states that hundreds of witness interviews were conducted and thousands of documents were reviewed by class counsel, there is no representation as to the nature or substance of those documents, the identity of the witnesses, and whether and to what extent they were involved with Eckert.

legal advice about the securities offerings. (*See, e.g.,* Ex. I ¶¶ 64-68.) To that end, the Verified Complaint alleges that -- unlike the Purported Class Action Plaintiffs -- the Parker Plaintiffs communicated directly with Pauciulo and were advised directly by Pauciulo; the Parker Plaintiffs were in direct contractual privity with Eckert and Pauciulo; the Parker Plaintiffs had attorney/client relationships with Eckert and Pauciulo; and Eckert and Pauciulo breached their contractual, professional and fiduciary obligations to the Parker Plaintiffs. (*See id.* Counts I through XXX; Retainer Agreements attached as Exhibit A to the Verified Complaint.).[5] The Verified Complaint contains 30 counts against Eckert and Pauciulo for malpractice sounding in contract and tort, and one count for breach of fiduciary duty.[6]

Significantly, Eckert did not file preliminary objections to the Parker Plaintiffs' complaint (the Pennsylvania equivalent of motion to dismiss). Rather, Eckert filed a comprehensive answer. (*See* Exhibit J.)[7]

D. The Receiver's Undisclosed Negotiations With Eckert and The Reimposition of the Litigation Stay.

On June 8, 2023, the Receiver's counsel informed the Parker Plaintiffs' counsel that the Receiver had negotiated a settlement with Eckert, and that the Receiver intended to seek to

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[5] Moreover, although not alleged in the Verified Complaint, it is self-evident that the Parker Plaintiffs knew of, and relied upon, the fact that Eckert -- like all major law firms -- carries significant malpractice insurance.

[6] While the Parker Plaintiffs are not entitled to recover punitive damages on the contract-based malpractice claim, they are entitled to those damages on their tort-based claims. (*See, e.g.,* Ex. I, ¶¶ 426-36.)

[7] After this Court entered an Order ruling that the Parker Case was subject to the Litigation Stay, the Parker Plaintiffs made two separate motions to lift the stay so that they could proceed with their claims against Eckert. In each case, their motion was opposed by the Receiver, and the motions were denied. However, on September 8, 2022, after the Court entered Orders resolving the claims against Par Funding, the Court entered an Order lifting the Litigation Stay as to the Parker Action. [Dkt. No. 1398.]

reimpose the Litigation Stay regarding the Parker Action. The news was a complete surprise to the Parker Plaintiffs' counsel, who was unaware that the Purported Class Plaintiffs had been participating in the Receiver's negotiations with Eckert. Nor did the Parker Plaintiffs' counsel know these negotiations included -- indeed expressly relied upon -- the Receiver's ability to obtain an Order barring the Parker Plaintiffs' claims.

After learning about the settlement, the Parker Plaintiffs' counsel asked the Receiver to provide him with material information about the settlement, including, among other things, the nature of the claims the Receiver was seeking to settle, the factual and legal basis for the claims, the amount of the settlement, and the source of the proceeds. The Receiver's counsel -- who had advised the Parker Plaintiffs' counsel that additional details would be forthcoming -- refused to provide this information. (*See* Composite Exhibit A.)

Instead, on June 15, 2023, the Receiver moved to reimpose the Litigation Stay as to claims against Eckert and/or Pauciulo. [Dkt. No. 1598.] In that Motion, the Receiver informed the Court of the settlement, advised that it would take "several weeks to memorialize th[e] settlement in a formal agreement, for which the Receiver will be seeking Court approval[,]" and asked for the Court to reimpose the Litigation Stay as it relates to Eckert and Pauciulo. (*Id.* at 3-4.)[8] On June 29, 2023, the Court entered an Order reimposing the Litigation Stay as to the Parker Action, among others. [Dkt. No. 1628.]

Thereafter, the Parker Plaintiffs' counsel repeatedly asked the Receiver to provide it with information relating to the proposed settlement, including, among other things, the factual and

[8] In its motion to reimpose the Litigation Stay, the Receiver incorrectly informed the Court that counsel to the Parker Plaintiffs had agreed to the settlement. [Dkt. No. 1598, at ¶5.] After the Parker Plaintiffs' counsel informed the Receiver of that inaccurate statement, the Receiver's counsel advised that the inclusion of the Parker Action in the list of consenting cases was a scrivener's error and filed a notice of same. [Dkt. No. 1613.]

legal basis for the Receiver's purported claims, the Receiver's efforts to exercise dominion over Eckert's insurance proceeds, and the Receiver's intention to bar the Parker Plaintiffs' claims. The Receiver refused to provide the requested information, and largely ignored counsel's emails. (*See* Composite Ex. A.)

In October 2023, counsel for the Parker Plaintiffs was provided with a copy of a motion to approve the settlement with Eckert, which supposedly was to be filed shortly. Months later, however, counsel was informed that the motion had not been filed because it had been provided to the SEC for comment, and the Receiver was waiting to receive those comments. Counsel was informed that the motion provided to the SEC was identical to the motion provided to counsel in October 2023. That was incorrect. (*See* Composite Ex. A.)

Despite the Receiver's representation in June 2023 that it would memorialize the settlement agreement in "several weeks," and the obvious implication that the motion to approve the settlement would be forthcoming shortly thereafter, the Receiver did not file the Motion and publicly disclose the settlement agreement until nearly 11 months later, in May 2024.

E. The Settlement Motion.

By the Settlement Motion, the Receiver seeks to settle the Purported Class Action Claims and the Receiver's "potential" claims against Eckert, which the Receiver has yet to assert or even identify. The Motion fails to give the Court any legal or factual analysis of the claims being settled, and attaches no documentary or testimonial evidence even tending to support its claims. Instead, the Receiver simply declares that he and class counsel "evaluated" the potential claims and defenses. (Motion at 15.) And even though there appears to have been no discovery in the Purported Class Actions, the Receiver asserts that he and class counsel conducted their evaluation based on "formal and informal" discovery of "tens of thousands of documents"

(without identifying or submitting any of these undisclosed documents). (*Id.* at 8.) Thus, the Receiver asks the Court to take his analysis and judgment on faith, and to defer to the Receiver's "integrity". (*Id.* at 15.)[9]

The Receiver asserts that the Court should approve the settlement because it supposedly was the product of arms-length negotiations that concluded with a mediation. (Motion at 7-8, 15-16.) However, the Receiver does not explain why Eckert would agree to turn over the limits of its insurance to settle tenuous claims that Eckert plainly believes are without merit, and why the Parker Plaintiffs -- whose claims would be extinguished by the proposed bar order -- were excluded from the mediation.[10]

The proposed settlement is expressly conditioned on a bar order that would, if approved, bar third-party claims against Eckert, including the Parker Plaintiffs' claims. As it relates to the Parker Plaintiffs, the Receiver attempts to justify the imposition of a bar order -- an extreme and rarely used remedy that is now in disfavor and may be impermissible -- by asserting that the bar order is fair and equitable to the Parker Plaintiffs. The Receiver asserts that a bar order is justified because (i) the Parker Plaintiffs' direct malpractice claims against Eckert supposedly are interrelated with the purported class action claims and the Receiver's "potential" -- but still unidentified -- claims; (ii) the Parker Plaintiffs supposedly "bear some responsibility for the

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[9] The Motion states that the Receivership Estates will receive payment of approximately $37 million, which the Receiver asserts is the remaining limits of Eckert's insurance. (Motion at 8, 15-16.) However, the Receiver has not explained why he has not proceeded against -- and is willing to release -- Eckert's other considerable assets.

[10] The Receiver's failure to address these two issues further confirms that the real value to Eckert of the proposed settlement is not the settlement of the Purported Class Action Claims, but the bar order that essentially settles the Parker Plaintiffs' malpractice claims without their consent, and the real value of the settlement to the Receiver is the ability to use the Parker Plaintiffs' malpractice claims to obtain funds that the Receiver otherwise would be unable to reach.

fraud," and therefore cannot prevail on their claims against Eckert (Motion at 5);[11] and (iii) the Parker Plaintiffs have filed claims against the Receivership Estate, and supposedly can pursue their recover in that forum. (Motion at 20, 29.)[12]

Finally, the Receiver seeks an award to purported class counsel of $6.75 million in fees.

ARGUMENT

Applicable Standard.

A. The Settlement.

While the Court has broad powers and wide discretion in equity receiverships, that discretion is not limitless. *See Whitcomb v. Chavis*, 403 U.S. 124, 161, 91 S.Ct. 1858, 1878 (1971); *SEC v. Elliot*, 953 F.2d 1560, 1573 (11th Cir. 1992) (a receivership Court may not treat all claimants the same if some claims are factually and legally superior to others). Similarly, the Receiver's powers are limited, as he or she may sue only to redress injuries to the entity and property in receivership. *SEC V. Stanford Int'l Bank Ltd.,* 927 F3d 830, 840-41 (5th Cir. 2019). A Court should not approve a Receiver's settlement of claims possessed by the Receiver if the settlement is not the product of good faith after an adequate investigation by the Receiver, and if it is not fair. *See Sterling v. Stewart*, 158 F.3d 1199, 1202-04 (11th Cir. 1998); *see also Leverso v.*

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[11] Tellingly, the Receiver does not provide an explanation for his blanket assertion that the 34 Parker Plaintiffs participated in the Par Funding fraud. (Motion at 5, 20-21, 29.) The Parker Plaintiffs can only assume that Receiver is relying upon his reference -- not mentioned until page 28 of the Motion -- to a recent action brought by the SEC against two of the Parker Plaintiffs, Michael Tierney and his fund, Merchant Services Income Fund, LLC. Putting aside that the allegations in that SEC action have yet to be proven and are not directed to any of the other 32 Parker Plaintiffs, it is highly improper for the Receiver to accuse all of the Parker Plaintiffs of participating in the fraud based on an allegation against just two of them. And the extent to which the Receiver is willing to do so further confirms the weakness of his position.

[12] The Receiver fails to explain the justification for treating the claims of the Parker Plaintiffs -- who are the only parties in privity with Eckert and with direct claims to the proceeds at issue -- *pari passu* with all other claimants.

SouthTrust Bank of Al., N.A., 18 F.3d 1527, 1530 (11th Cir. 1994) (District Court is "required to determine whether settlement was fair, adequate, reasonable, and not the product of collusion").

B. The Bar Order.

If bar orders of the nature sought by the Receiver can survive the exacting standards in place before the United States Supreme Court's decision in *Harrington v. Purdue Pharma, L.P.*, 603 U.S. __ (2024) (and as discussed *infra* at Section II.A., they do not), bar orders still remain an extreme remedy that are rarely justified. *See Seaside*, 780 F.3d at 1076. In this Circuit, bar orders "ought not to be issued lightly," and should only be entered in those "unusual" situations where such an Order is "essential" and where it is "fair and equitable under all the facts and circumstances." *Id*. In determining whether a bar order is fair and equitable, the Court must view the matter not from the perspective of the Receiver or the settling defendant, but "with an eye toward its effect on" the non-settling parties. *Commodity Futures Trading Comm'n v. Bluprint LLC*, 22-80092-CV, 2023 WL 5109447, at *3 (S.D. Fla. Aug. 2, 2023).

I. The Proposed Settlement Should Not Be Approved.

A. The Proposed Settlement Seeks to Settle Claims that the Receiver Has Not Identified and Does Not Possess.

It is axiomatic that an equity receiver may only settle claims possessed by the receivership estate, and may only sue to redress injuries to the entities in receivership. *See SEC v. Stanford Int'l Bank, Ltd.*, 927 F.3d at 840-41. Thus, a receiver may not exercise authority over assets belonging to third parties to which the receivership estate has no claim. *Id.* at 841.

Here, the Receiver has yet to clearly identify the claims he believes the Receivership Estate has, instead repeatedly referring to the Receiver's "potential" claims. (Motion at 3, 7-8,

15-16, 20, 22, 26, 29-30.)[13] Having failed to identify the claims he purports to settle, the Receiver does not show -- as he asserts in the Motion -- that he conducted any investigation or analysis of the potential claims, let alone the investigation and analysis required to justify a settlement. (*See* Motion at 15: "Likewise, the Receiver evaluated his own potential claims against Eckert Seamans; carefully evaluated the potential defenses to those claims; and considered the delay and expense of prosecution of such claims, the uncertainty of outcome in any such litigation, and the possibility of appeal of any adverse outcome.")

Nor does the Receiver possess, or have standing to assert, the Purported Class Action Claims against Eckert and Pauciulo that he attempts to include in his settlement. As attenuated and unsupported as they are, those claims -- civil RICO, fraudulent misrepresentation and conspiracy with, and aiding and abetting, the Receivership Entities -- are independent claims that did not injure the Receivership Entities and that belong only to the Purported Class Action Plaintiffs. *See Stanford, supra*, at 847-48.[14]

B. <u>The Proposed Settlement Was Not Made In Good Faith After An Adequate Investigation -- *i.e.,* It Appears To Be Collusive.</u>

The Eleventh Circuit has identified six factors to be considered in analyzing the fairness, reasonableness and adequacy of a class action settlement under Rule 23(e): (i) the existence of

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[13] The Receiver does suggest (Motion at 24) that the "potential" claims to which he repeatedly refers are identical to Vagnozzi's claims against Eckert relating to the formation of the Receivership Entities. However, Pauciulo testified in the SEC Action that he never represented PAR Funding or any of its principals, and that he never received any money from any of them. Notwithstanding, in his notice to investors, the Receiver alludes to claims against Eckert being part of the Receivership Estate, but fails to identify such claims. Of course, any tort claims the Receiver purports to assert against Eckert would be barred by, among other things, the defense of *in pari delicto*. (*See* note 14, *infra*.)

[14] Even if the claims did belong to the Receiver (and they do not), the claims likely will be barred by the *in pari* delicto defense inasmuch as the Receivership Entities participated in -- indeed were formed for the very purpose of -- perpetrating the underlying fraud. *See, e.g., Official Committee of Unsecured Creditors of PSA, Inc. v. Edwards,* 437 F.3d 1145 (11th Cir. 2006)

fraud or collusion behind the settlement; (ii) the complexity, expense, and likely duration of the litigation; (iii) the stage of the proceedings and the amount of discovery completed; (iv) the probability of the plaintiff's success on the merits; (v) the range of possible recovery; and (vi) the opinions of class counsel, the class representatives and the substance and amount of opposition to the settlement. *Jairam v. Colourpop Cosmetics, LLC*, Case No. 19-CV-62438-RAR (S.D. Fla. Oct. 1, 2020), at *8-9; *see also Leverso* 18 F.3d at 1530. With respect to the element of collusion, the Florida Supreme Court has observed that "the rule that courts look with favor upon a compromise and settlement made by the parties to a suit, to prevent the vexation and expense of further litigation, only applies where *all the rights and interests of all of the parties concerned, both legal and equitable, have been respected and observed in good faith*." *Harper v. Strong,* 135 Fla 10 (1938) (emphasis added).

Here, the Receiver negotiated with representatives of Eckert's carriers to broker a settlement agreement that would specifically exclude the Parker Plaintiffs. They did not invite the Parker Plaintiffs to participate, nor even alert them to the extent of the negotiations. Nothing could be more disrespectful to the Parker Plaintiffs' "rights and interests." Moreover, although the discussions were in the presence of a professional mediator, it is hard to imagine he was aware of the extent to which the Parker Plaintiffs' rights and interests were being disrespected. Thus, the Court should have serious misgivings about how this settlement was "brokered."

Indeed, unlike most settlements, where the parties' interests are naturally adverse to each other, the three parties involved in the negotiation of this settlement all share a common interest: quickly consummating a settlement for no more than the amount of Eckert's insurance proceeds, while at the same time barring the Parker Plaintiffs' claims. It is apparent that, through the settlement, Eckert avoids making any of its assets available, while settling all claims against it

and protecting the rest of its undoubtedly considerable assets from exposure to, among others, the Parker Plaintiffs. That appears to be why Eckert is willing to pay $45 million to settle the Receiver's potential claims and the Purported Class Action claims it (correctly) believes are without merit, while obtaining through the bar order a full release from the meritorious claims of the Parker Plaintiffs.[15] For his part, the Receiver -- by using a bar order to eliminate the Parker Plaintiffs' claims without their consent -- increases the Receivership Estate by approximately $45 million with funds to which it otherwise would not be entitled. And, the Purported Class Action Plaintiffs are able to recover some amount on their highly attenuated claims, while their counsel secures a fee of $6.75 million.

Thus, this Court should not credit the Receiver's bald assertion (Motion at 16) that arms-length negotiations occurred in good faith. The record does not reflect that a factual investigation was conducted by the Receiver (*see supra* at 11-12), and the negotiations of the settlement occurred under the cover of darkness, as the Parker Plaintiffs -- the parties with the most to lose -- were intentionally excluded from the process. (*See* Composite Ex. A.) Thus, despite the Receiver's assurances and conclusory statements, there is no evidence the proposed settlement resulted from an adequate investigation made in good faith.

Two of the authorities relied on by the Receiver confirm why this settlement should be rejected. In *Sterling v. Stewart*, *supra*, the Court approved a class action settlement because there, unlike here, the receiver participated in extensive document discovery, depositions, and

[15] While the Parker Plaintiffs have not fully analyzed Eckert's insurance coverage, it is likely that the Purported Class Action claims are not covered under the policy. A lawyer generally cannot be liable for aiding and abetting or conspiracy based solely on their legal advice (even if it relates to criminal conduct). Of course, Eckert's insurance carrier has no interest in where its coverage goes if tendering the policy limits cuts off the claims of the Parker Plaintiffs and all other claimants.

interviews of witnesses, and offered all affected parties the opportunity to respond to a comprehensive questionnaire. *Sterling,* 158 F.3d at 1204. In addition, in *Sterling*, the district court carefully reviewed the receiver's analysis of the underlying facts, the defendants' defenses, and the appellants' presentations at the fairness hearing in concluding that the settlement decision was fair. *Id.*

And in *Hemphill v. San Diego Ass'n of Realtors* 225 F.R.D. 616 (S.D. Cal. 2004), objectors to a proposed class action settlement sought discovery to establish that the proposed settlement was collusive. The Court rejected their efforts, ruling that "the evidence submitted in support of the settlement is the result of truly adversarial proceeding," and that the settlement proponents developed "a comprehensive record." 225 F.R.D. at 621. In denying the request for discovery, the *Hemphill* Court emphasized that the negotiations had been "closely supervised by the court Appointed mediator and the Magistrate Judge" in bringing the "settlement to fruition." *Id.*

None of that has occurred in this case. Contrary to the facts of *Sterling*, there does not appear to have been any discovery or depositions in the Purported Class Actions (let alone "extensive" discovery), the most adversely affected parties, *i.e.*, the Parker Plaintiffs, have been intentionally excluded from the process, and the Court cannot conduct an analysis of the underlying facts and the defendants' defenses (because the Receiver has not presented that evidentiary analysis in his Motion). And contrary to facts of *Hemphill*, no evidence has been submitted in support of the settlement (let alone evidence resulting from a truly adversarial proceeding), the settlement proponents have not developed "a comprehensive record" (let alone any record), and the mediator was chosen by the parties (not by the Court).[16]

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[16] The Receiver cites *Hemphill* for the unremarkable proposition that "[a]s a general principal,

Accordingly, the Court should reject the proposed settlement.

C. The Receiver Fails To Demonstrate That The Proposed Settlement Is Fair, Adequate And Reasonable.

In determining whether a proposed settlement is fair, adequate and reasonable, the Court should consider the following factors: (1) the likelihood of success; (2) the range of possible recovery; (3) the point on or below the range of recovery 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,* 158 F.3d at 1203 n.6.

Here, even if the Receiver possessed the Purported Class Action claims (and he does not), he fails to present the Court with an analysis of the required factors. Instead, consistent with what appears to be the Receiver's apparent failure to conduct an adequate investigation, the Receiver presents entirely conclusory statements -- some of which are untrue and others of which are unsupported -- about just a few of the factors to be considered. The only assertions the Receiver offers to demonstrate that the proposed settlement supposedly is fair, adequate and reasonable are that: (i) Purported Class Action counsel (not the Receiver) "litigated" the Purported Class Action claims, "carefully evaluated" Eckert's defenses, considered the delay and expense of prosecution, the uncertainty of outcome, and the possibility of appeal (Motion at 15); (ii) the Receiver evaluated his own "potential" (and unidentified) claims against Eckert,

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the courts respect the integrity of counsel and presume the absence of fraud or collusion in negotiating the settlement, unless evidence to the contrary is offered." 225 F.R.D. at 621. While that generally may be the case, the Receiver ignores that the specific facts in *Hemphill* are very different from this case. Regardless of whether the Receiver's actions in negotiating, consummating and seeking approval of the settlement can be fairly characterized as collusive, the secrecy surrounding the process, along with the terms of the proposed settlement, support the conclusion that the settlement was not negotiated at arms-length and in good faith.

"carefully evaluated" Eckert's potential defenses, considered the delay and expense of prosecution, the uncertainty of outcome, and the possibility of appeal (*id.*); (iii) the Settlement Agreement was executed after "extensive, arm's length negotiations" between the parties and their counsel "in good faith," and was "of course, not the product of collusion" (*id.*); (iv) the parties exchanged "numerous papers" and participated in "countless" conversations and meetings (*id.* at 15-16); and (v) a skilled JAMS mediator was involved (*id.* at 16).

These statements do not address the applicable standard, and do not provide any detail or analysis. They simply repeat some of the factors to be addressed, and they do so in a misleading fashion. For example, it is misleading to suggest that Purported Class Action counsel "litigated" the Purported Class Action Claims, when the Litigation Stay has been in effect and there is no evidence that there was any discovery in the Purported Class Actions (it appears that the parties merely briefed a motion to dismiss in the Pennsylvania Purported Class Action). (*See* Exs. F-H). And if there was any "informal" discovery, as the Receiver blanketly asserts, the Receiver has presented nothing to the Court in his Motion as to the nature or substance of such discovery. Thus, it is meaningless to say that the Receiver and Purported Class Action counsel "carefully evaluated" potential claims and defenses, when the Receiver fails to disclose what, if any, evidence the Receiver and Purported Class Action counsel reviewed in conducting their purported evaluation. This is particularly so since the Receiver fails to give the Court an assessment of the required factors: likelihood of success, range of possible recovery, and the point on or below the range of recovery at which settlement is fair, adequate and reasonable.[17] It

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[17] In fact, the claims that have been asserted by the purported class -- violations of RICO, civil conspiracy, aiding and abetting, fraud, etc. -- are extremely difficult to plead, even more difficult to prove, and may not even be viable under Pennsylvania law. (*See* Ex. B at 4-24.)

is similarly inadequate for the Receiver to state that the parties exchanged "numerous papers," without identifying the nature or substance of these "papers" or what they revealed.

Rather than engage in the required analysis, the Receiver in his Motion essentially asks the Court, the Parker Plaintiffs and the other objectors to simply take the Receiver at his word (while refusing to give any information to the Parker Plaintiffs, despite their repeated requests). (*See* Composite Ex. A.) That is not what the law requires, and a settlement should not be approved on such a bare record.[18]

II. The Proposed Bar Order Is Improper And Unjustified.

A. The Bar Order Is Precluded By *Purdue Pharma*.[19]

In *Harrington v. Purdue Pharma, L.P.*, 603 U.S. __ (2024), the United States Supreme Court held that a release and injunction that seeks to discharge claims against a third party as part of a bankruptcy plan of reorganization without the consent of the affected claimants is not

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[18] The Receiver's failure to provide the Court with an analysis of whether the proposed settlement is fair, adequate and reasonable to *all* affected parties is fatal to his Motion. Clearly, bringing $37 million into the Receivership Estate on account of relatively weak claims, and barring the Parker Plaintiffs' relatively strong claims, is of great benefit to Eckert, the Receiver, and the Purported Class Action Plaintiffs (and their counsel). But it plainly is unfair and unreasonable to the Parker Plaintiffs. Indeed, under the proposed settlement, Eckert's insurance proceeds would be deposited in the Receivership Estate and then distributed to all investors, without regard to their respective rights to the funds. But, of course, Eckert's insurance funds exist to protect Eckert's clients. As discussed above, the Parker Plaintiffs have fundamentally different -- and stronger -- rights to the funds at issue than Par Funding's other investors. To ignore that distinction not only violates the law applicable to equity receiverships, it would require a concomitant analysis of a number of other facts affecting the equities, including for example, the extent to which those investors that were not Eckert clients may have insured their claims elsewhere, and thus are not entitled to take from these proceeds. These types of complexities and inequities underscore why a receiver is not entitled to exercise dominion over property that does not belong to the Receivership Estate.

[19] Even before the Supreme Court's decision in *Purdue Pharma,* the proposed bar order violated controlling Eleventh Circuit caselaw. Thus, while the Parker Plaintiffs will first address the impact of the *Purdue Pharma* decision on the proposed bar order, the bar order fails even if *Purdue Pharma* had been decided differently, for the reasons set forth in Section II.B. *infra*.

authorized by Chapter 11 of Title 11 of the United States Code (the "Bankruptcy Code"). *Purdue Pharma,* at 7-19. While the Supreme Court's holding is limited to a plan of reorganization under the Bankruptcy Code, the effect of its holding and reasoning effectively bars the use of the proposed third-party release in this case. As the Receiver admits (Motion at 18 n. 6), the use of third-party nonconsensual releases by receivers in this Circuit evolved from -- and relied on -- the use of such releases in Chapter 11 plans, which have now been outlawed.[20] As the Supreme Court states in its opinion, it took the *Purdue Pharma* case "to resolve a longstanding and deeply entrenched disagreement between lower courts over the legality of nonconsensual third-party releases." *Id.* at 17 n. 6.

In *Purdue Pharma*, the Supreme Court addressed a provision in the proposed plan of reorganization for Purdue Pharma that released its owners, the Sackler family, from all current and future liability to Purdue Pharma and all third parties regarding opioid-related claims. *Purdue Pharma,* at 1. In exchange for the release from all liability for these claims, the Sackler Family agreed to return to the Purdue Pharma bankruptcy estate about $4.3 billion of the $11 billion they siphoned off from Purdue Pharma. *Id.* at 3.

The Supreme Court ruled that the Bankruptcy Code did not authorize the proposed non-debtor release of the Sacklers. *Purdue Pharma,* at 19. In doing so, the Court primarily focused on the lack of consent of third-party claimants whose claims against the Sacklers would be extinguished, and that the Sacklers -- unlike debtors in bankruptcy -- "have not placed virtually all their assets on the table for distribution to creditors." *Purdue Pharma,* at 7-8. The Court

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[20] Even outside of a bankruptcy context, it appears that federal courts may not have the power to issue bar orders. *See Digital Media Solutions, LLC v. South University of Ohio, LLC*, 59 F.4th 772 (6th Cir. 2023); *see also Grupo Mexicano de Desarrollo, S. A. v. Alliance Bond Fund, Inc.*, 527 U.S. 308 (1999).

specifically rejected the dissenting opinion's argument that a non-consensual third-party release of the Sacklers was justified because the claims being released were interrelated with Purdue Pharma's conduct. In reasoning that directly applies to this case, the Court observed that the dissent's argument "does not alter the fact that the Sackler discharge would extinguish *the victims*' claims against *the Sacklers*. **Those claims neither belong to Purdue nor are they asserted against Purdue or its estate**." *Id.* at 12 n. 3. (Italics in original. Bold added.) Finally, in questioning the conclusion that the nonconsensual third-party release would maximize the return to all victims by maximizing the amount the Sacklers would be willing to pay (the argument made by the Receiver here), the Court cited the Purdue Pharma bankruptcy trustee's observation that the prospect of additional litigation and increased exposure likely would result in the Sackler's agreement to pay even more money to obtain *consensual* releases. *Id* at 18.

The Supreme Court's reasoning in *Purdue Pharma* applies with even greater force here. The Receiver seeks to extinguish the Parker Plaintiffs' claims against Eckert without their consent, and Eckert has not placed "virtually all of its assets on the table." The Parker Plaintiffs' malpractice claims against Eckert are even less interrelated with the Receivership Entities' conduct than the fraud claims against the Sacklers were interrelated with Purdue Pharma's conduct. In *Purdue Pharma*, the claims against the Sacklers -- directing and benefitting from the fraud at Purdue Pharma -- were directly interrelated with the claims against Purdue Pharma. Yet the Supreme Court held that even that close nexus did not justify extinguishing the Sackler's victims' claims against the Sacklers because those claims simply did not belong to Purdue Pharma and were not asserted against Purdue Pharma or its estate. *Purdue Pharma* at 12 n. 3. Here, the Parker Plaintiffs' malpractice claims against Eckert -- which do not belong to the Receivership Entities and were not asserted against them -- have even less of a relationship to the

fraud claims against the Receivership Entities. Thus, there is even less justification for barring the Parker Plaintiffs' claims than the claims in *Purdue Pharma*.

Nor does the Receiver's assertion (Motion at 20-21) that the Parker Plaintiffs' can recover on (some part of) their claims against Eckert through the Receivership Estate justify departure from the holding in *Purdue Pharma*. The Parker Plaintiffs are the only parties in direct privity with Eckert, and the only parties with direct malpractice claims against Eckert. Thus, they have a far superior claim to Eckert's assets than any other claimant, and there is no reason the Parker Plaintiffs' should exchange that superior claim against more accessible assets for a general claim against the Receivership Estate that is *pari passu* with all other claimants (who either do not have claims against Eckert or whose claims are tenuous at best). This is particularly so since the claims against Eckert -- to paraphrase the Supreme Court --- neither belong to the Receivership Entities nor are they asserted against the Receivership Estate.[21]

Finally, the bankruptcy trustee's observation in Purdue Pharma that rejection of the bar order likely will increase the assets available to claimants is directly applicable here. Given Eckert's view of the weakness of the Purported Class Action claims and the relative strength of the Parker Plaintiffs' claims, Eckert's exposure to the Parker Plaintiffs' claims appears to be the driving factor behind its decision to enter into the settlement. If the settlement is rejected, Eckert

[21] The ability of the Parker Plaintiffs' investors to recover (some portion of) their claims through the Receivership Estate does not change the analysis. The Parker Plaintiffs and their investors will be entitled to a single recovery up to the total amount of their damages. Thus, to the extent the Parker Plaintiffs and/or their investors receive any distribution from the Receivership Estate, the Parker Plaintiffs' damages against Eckert will be reduced. But the mere assertion of a claim against the Receivership Estate does not extinguish the right to pursue their rights against Eckert, a non-Receivership Entity. To the contrary, unless the Parker Plaintiffs and their investors receive a full recovery from the Receivership Estate, they must preserve their rights against Eckert -- rights that are unique from, and superior to, other Par Funding investors -- to be made whole.

is likely to offer additional assets to resolve the Parker Plaintiffs' claims and make them whole, which will provide additional funds on a dollar-for-dollar basis for the Receivership Estate to distribute to other claimants.

B. The Bar Order Violates The Applicable Pre-*Purdue Pharma* Standard.

Even if the Supreme Court's ruling in *Purdue Pharma* does not completely preclude the proposed bar order here, the bar order cannot be sustained under the applicable standard prior to *Purdue Pharma*. By his Motion, the Receiver seeks to extend the concept of a bar order -- one that should be applied only in the most "rare," "extreme" and "unusual" circumstances -- beyond anything previously authorized. Thus, putting aside that many of the decisional authorities relied on by the Receiver are bankruptcy-related decisions that appear to be abrogated by *Purdue Pharma* (and the decisions involving equity receiverships are all progeny of the bankruptcy-related decisions), the circumstances of the bar order sought by the Receiver do not come close to satisfying the applicable pre-*Purdue Pharma* standards.

Settlement bar orders have been approved by this Circuit where such Orders are essential to the proposed settlement, and where it is "fair and equitable under all the facts and circumstances." *Seaside*, 780 F.3d at 1076 (approving bar order in bankruptcy case). To ensure that a bar order is fair and equitable enough to satisfy due process concerns, Courts in this Circuit should analyze the interrelatedness of the claims that the bar order precludes, the likelihood of non-settling defendants to prevail on the barred claim, the complexity of the litigation, and the likelihood of depletion of the resources of the settling defendants. *U.S. Oil Gas Litigation*, 967 F.2d at 493-96. Critically, the Court's analysis should be conducted "with an eye toward its effect on" the Parker Plaintiffs. *Commodity Futures Trading Comm'n v. Bluprint LLC*, 22-80092-CV, 2023 WL 5109447, at *3 (S.D. Fla. Aug. 2, 2023).

Here, while the order barring the Parker Plaintiffs' claims is an "integral" requirement of the settlement (indeed likely the primary reason for the settlement from Eckert's perspective), the bar order is not remotely fair or reasonable with respect to its effect on the Parker Plaintiffs. As discussed *supra*, the Parker Plaintiffs are highly likely to prevail on their malpractice claims against Eckert, and have far superior claims to the settlement proceeds, given their contractual privity with Eckert and the professional and fiduciary duties owed to them by Eckert. The bar order would deprive the Parker Plaintiffs of those claims, and the benefits of their bargained for exchange with Eckert, while relegating the Parker Plaintiffs to relying solely on their claims against the Receivership Estates. As a result, the Parker Plaintiffs -- with far superior claims against Eckert -- would be treated the same as all other claimants to the Receivership Estates, whose potential claims against Eckert are attenuated at best. *See Elliot,* 953 F.2d at 1573 ("The cases of each creditor must be examined individually to determine the rights of that individual. The Receiver cannot, for the sake of expediency, group together claimants with different claims.")

In its Motion, the Receiver cites several factors that supposedly establish that the proposed bar order is "necessary and appropriate." (*See* Motion at 19-20.) However, all but three of those factors simply restate arguments as to why the Receiver believes the settlement itself -- apart from the bar order -- is fair, adequate and reasonable. (*See* Section I.C., *supra*.) The only factors argued by the Receiver that actually relate to the standard applicable to bar orders -- *i.e.,* whether the proposed bar order is fair or equitable *when viewed with an eye toward its effect on non-settling parties* -- are the Receiver's unfounded assertions that: (i) the barred claims supposedly are interrelated to the potential claims that could be brought by the Receiver and that were brought by the Purported Class Action Plaintiffs; (ii) the Parker Plaintiffs' direct

malpractice claims supposedly are "questionable," given their supposed participation in the fraud, and they are being allocated an amount from the settlement and/or may pursue such claims in the claims process to be conducted in the receivership; and (iii) the interests of persons potentially affected by the bar order -- including the Parker Plaintiffs -- supposedly have been represented by the Receiver. All three of these arguments fail.

First, as discussed *supra* at 22-23, the Parker Plaintiffs' claims are not sufficiently interrelated with the potential (and still unidentified) claims that could be brought by the Receiver and the claims brought by the Purported Class Action Plaintiffs. The concept of "interrelatedness" of claims sufficient to justify a bar order has -- with few exceptions -- primarily been applied to claims for indemnity or contribution, or similar claims arising directly out of a settling defendant's conduct causing injury to a receivership entity. *See Stanford*, 927 F.3d at 848 (rejecting order that barred independent claims of non-settling parties); *Brophy v. Salkin*, 550 B.R. 595, 600 (S.D. Fla. 2015) ("To date, the Eleventh Circuit has found only cross-claims for indemnity and contribution among co-defendants or similar claims to be interrelated."); *In re Heritage Bond Litigation*, 546 F.3d 667, 680 (9th Cir. 2008) (rejecting bar order that went beyond barring claims for contribution and indemnity by also barring independent state law claims).

Here, the Parker Plaintiffs claims against Eckert are malpractice and breach of fiduciary duty claims arising out of the direct contractual and professional obligations owned by Eckert to the Parker Plaintiffs pursuant to, among other things, signed retainer agreements. Thus, the Parker Plaintiffs' claims arise out of actions -- and omissions -- directed specifically at the Parker Plaintiffs and causing damage unique to the Parker Plaintiffs. By contrast, the civil RICO, conspiracy and aiding abetting claims brought by the Purported Class Plaintiffs (which the

Receiver has yet to assert on behalf of the Receivership Entities, if he ever could) do not arise out of any duty owed by Eckert.

The authorities cited by the Receiver in this regard confirm the lack of sufficient interrelatedness here. Every decision cited by the Receiver involved truly interrelated claims, such as claims for contribution or indemnity for injury caused to a receivership entity or claims by non-settling parties that were identical to the claims being settled. *See U.S. Oil Gas Litigation, supra* (barring a settling defendant's cross-claim for indemnity and contribution against another settling co-defendant); *SEC v. Kaleta*, 530 Fed. Appx. 360 (5th Cir. 2013) (barring claims by investors against parties who acted as investors' agent in acquiring the securities underlying the fraud, where such agents were "closely affiliated" with the receivership entities); *Matter of Munford, Inc.*, 97 F.3d 449 (11th Cir. 1996) (barring non-settling defendants claims of indemnity and contribution against a settling co-defendant that issued solvency opinion with respect to Chapter 11 debtor); *Seaside*, *supra* (barring claims against Chapter 11 debtor, reorganized debtor and debtor's insiders who would be managing reorganized debtor); *Brophy*, *supra* (barring securities class action claims against former officers and directors of Chapter 7 debtor); *SEC v. De Young*, 850 F.3d 1172 (10th Cir. 2017) (barring investor claims that mirrored claims asserted by the receiver and bank claims for indemnity); *Zacarias v. Stanford Int'l Bank, Ltd.*, 945 F.3d 883 (5th Cir. 2019) (barring victims' claims against insurance underwriters that directly participated in the underlying Ponzi scheme); *Stanford*, *supra* (rejecting bar order against employees, managers and directors that had independent rights to insurance proceeds); *SEC v. Mutual Benefits Corp.*, No. 04-60573 [ECF No. 2345] (S.D. Fla. Oct. 13, 2009) (Moreno, J.) (barring investor claims against insurers that issued policies viaticated by the receivership entities); *SEC v. Latin Am. Services Co., Ltd.*, 99-2360 [ECF No. 353] (S.D. Fla. May 14, 2002)

(Ungaro-Benages, J.) (barring claims by investors against the attorney who provided legal services directly to, and served as a director of, the receivership entity, where objectors also failed to attend the hearing to approve the settlement); *In re Rothstein Rosenfeldt Adler, PA*, 2010 WL 3743885, at *7 (Bankr. S.D. Fla. Sept. 22, 2010) (barring claims by investors in Ponzi scheme against parties who were alleged to have participated in the fraud and who directly received fraudulent transfers from the receivership estate); *Commodity Futures Trading Comm'n v. Bluprint LLC*, No. 22-80092-CV, 2023 WL 5109447 (S.D. Fla. Aug. 2, 2023) (barring claims for fraud and indemnity against family members of receivership defendants, where the claims asserted by the non-party objectors -- brokerage firms where the settling maintained their accounts -- were interrelated with the receiver's claims and were "speculative"); *SEC v. Quiros,* No. 1:16-cv-21301 [ECF No. 353] (S.D. Fla. June 30, 2017) (Gayles, J.) (barring claims by members of class of plaintiffs against brokerage firm handling the accounts used to perpetuate the fraud); *SEC v. Quiros*, No. 1:16-cv-21301 [ECF No. 657] (S.D. Fla. Apr. 6, 2021) (Gayles, J.) (barring claims by members of class of plaintiffs against law firm that provided legal services directly to the settling class); *SEC v. Quiros*, No. 1:16-cv-21301 [ECF No. 675] (S.D. Fla. July 1, 2021) (Gayles, J.) (barring claims by members of class of plaintiffs against bank where receivership defendants maintained funds used to perpetuate the fraud); *SEC v. Quiros*, No. 1:16-cv-21301 [ECF No. 690] (S.D. Fla. July 29, 2021) (Gayles, J.) (barring claims by members of class of plaintiffs against law firm that provided legal advice directly to receivership entity that perpetrated the fraud); *SEC v. Quiros*, No. 1:16-cv-21301 [ECF No. 715] (S.D. Fla. Mar. 2, 2022) (Gayles, J.) (barring claims by members of class of plaintiffs against brokerage firm handling the accounts used to perpetuate the fraud).

Simply put, even if *Purdue Pharma* had not essentially abrogated many of these decisions, the Receiver does not cite to a single decision finding sufficient interrelatedness to justify a bar order with respect to claims as disparate as those at issue here.[22]

Second, as discussed *supra* at 8 n. 4, there are no allegations to support the Receiver's false and unfounded accusation that all or most -- or even a significant amount -- of the Parker Plaintiffs bear responsibility for the fraud. (Motion at 5, 20-21, 29.) The only factual statement in the Motion that even relates to the Receiver's accusation is that the SEC recently alleged that two of the 34 Parker Plaintiffs participated in the Par Funding Fraud. (*Id.* at 28.) But these bare allegations, even if true, do not come even remotely close justifying the Receiver's statements to the Court that the Parker Plaintiffs "bear some responsibility for the fraud" (*id.* at 5), that the Parker Plaintiffs have "unclean hands" (*id.*), that the Parker Plaintiffs seek to recover at the expense of "their victims" (*id.*), that the Parker Plaintiffs "participat[ed] in the fraud" (*id.* at 20), that the Parker Plaintiffs had a "role . . . in the fraud" (*id.* at 29). The extent to which the Receiver stretches the truth in this regard only confirms the lack of merit to his position.[23]

The Parker Plaintiffs' ability to pursue their claims in the Receivership cannot justify a deprivation of their right to sue Eckert. Unless the Receiver intends to pay the Parker Plaintiffs

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[22] Of course, as the Supreme Court observed in *Purdue Pharma*, even if the claims were sufficiently interrelated (and they are not) a bar order would still not be justified, as the barred claims are not asserted, and are not possessed, by the Receiver. *Purdue Pharma* at 12 n. 3.

[23] Nor is the proposed bar order justified by the Receiver's "offer" to allocate $600,000 to the Parker Plaintiffs (and/or their counsel), or the Parker Plaintiffs' ability to pursue their claims in the Receivership. The Parker Plaintiffs' claims against Eckert exceed $45 million. They are the only parties with a direct claim to the insurance proceeds subject of the proposed settlement, and likely the only parties who will be entitled to those proceeds if the settlement is rejected. Thus, the Receiver's "offer" to pay a 1.3% recovery to the Parker Plaintiffs, while barring the remaining 98.7% of their claims, is -- to put it mildly -- not an offer at all, and it cannot justify the bar order being sought.

their full claim (and he obviously will be paying nothing remotely close to that), the Parker Plaintiffs will have a deficiency claim they should have the right to pursue against Eckert. The Parker Plaintiffs have sued a third party, Eckert. They have not sued a Receivership Entity, and they are not suing the broker of a Ponzi scheme relating to the Receivership Entities. Denying the Parker Plaintiffs' access to the Court on their entirely independent tort and contract claims against Eckert, and limiting their ability to obtain a full recover on those claims, raises significant due process issues.

And third, contrary to the Receiver's assertion (Motion at 20), he has not been representing the interests of the Parker Plaintiffs *regarding their claims against Eckert*. While the Parker Plaintiffs may have claims through the Receivership Estate, those claims are distinct from their malpractice claims against Eckert. And the positions taken by the Receiver in the Motion -- along with the Receiver's intentional exclusion of the Parker Plaintiffs from his and the Purported Class Plaintiffs' negotiations with Eckert -- confirm that the Receiver is acting directly adverse to the Parker Plaintiffs' interests as it relates to Eckert. The Receiver essentially is offering up the Parker Plaintiffs' claims -- which he does not own -- to obtain for the Receivership Estates funds that belong to the Parker Plaintiffs (and to which, in any event, the Receivership Estates are not entitled). And he is trying to do so, while excluding the Parker Plaintiffs from the negotiations by which he seeks to deprive them of their rights. *See U.S. Oil Gas Litigation,* 967 F.2d at 496 (barring indemnity claims of *settling* defendants: "Surely, then, the district court may enter a settlement bar order against a defendant who has *participated fully in settlement negotiations and utilized every opportunity to preserve its rights within those negotiations*.") (emphasis added.)

While the Receiver's duty is to maximize the assets of the Receivership Estates, that duty is not limitless. It is tempered by the Receiver's duty -- as a representative of the Court -- to assert only the legal rights possessed by the Receivership Estates. *See Stanford, supra*. Thus, by overreaching to this extent, the Receiver not only is failing to act in the Parker Plaintiffs' interests, he is failing to act in the Receivership Estates' best interests as well.

III. The Fee Motion Should Be Denied.

The Parker Plaintiffs object to the relief requested in the Fee Motion because it seeks payment of the requested fee from the proceeds of the proposed settlement. Because the proposed settlement should be rejected for the reasons discussed in Sections I and II, *supra*, the Fee Motion should be denied as well.[24]

CONCLUSION

For the foregoing reasons, the Parker Plaintiffs respectfully request that the Court enter an Order denying the Motion and the Fee Motion, and granting such further relief as the Court deems just and proper.

[24] At this point, the Parker Plaintiffs do not have enough information to take a position with respect to the reasonableness of the fee requested in the Fee Motion.

Request to Appear

The undersigned counsel for the Parker Plaintiffs request the right to appear on behalf of the Parker Plaintiffs at the hearing to consider approval of the Motion.

Dated: July 15, 2024

Respectfully submitted,
HAINES & ASSOCIATES

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-and-

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing was served on July 15, 2024, via the Court's ECF Filing System, on all counsel in this matter.

/s/ Jonathan E. Minsker
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Kierstyn Vest

From: Clifford Haines
Sent: Friday, June 7, 2024 3:24 PM
To: Jeffrey C. Schneider; George Bochetto
Cc: Timothy Kolaya; Berlin, Amie R.; Heskin, Shane; David Heim; Melanie Damian; Dubow, Jay A.; erica.dressler@troutman.com; Catherine M. Recker; Gaetan J. Alfano; Weir, Walter; Jonathan Minsker
Subject: RE: Final Hearing Date

It's pretty clear that we don't have anything to talk about.

From: Jeffrey C. Schneider <jcs@lklsg.com>
Sent: Friday, June 7, 2024 11:14 AM
To: Clifford Haines <chaines@haines-law.com>; George Bochetto <gbochetto@bochettoandlentz.com>
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Subject: RE: Final Hearing Date

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Cliff:

The class cannot agree to produce documents. First, the Court denied the request for discovery, so this seems like an end run around the Court's decision. Second, I don't understand your third request and the first and second requests invade work-product and seek documents on which counsel relied in forming conclusions and opinions about the universe of evidence. Third, the documents we have are not ours to share; we are bound by confidentiality.

As I mentioned, I'm happy to talk by phone or Zoom. I'm waiting for you to circulate dates and times that work.

Jeff

Jeffrey C. Schneider, PA
Partner

LEVINE KELLOGG LEHMAN SCHNEIDER + GROSSMAN LLP
Miami Tower
100 SE 2nd Street, 36th Floor
Miami, FL 33131
305.403.8799 (direct)
305.403.8788 (main)
305.403.8789 (fax)

vCard | Bio | Website

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PREVENT WIRE FRAUD: Wire fraud and email hacking attacks are becoming extremely common. Please be sure to always confirm wiring instructions with LKLSG before sending a wire. You should never send any funds to any party without verifying, by telephone, the accuracy of the wire instructions that you have been provided. Our wire instructions will always be credited to LKLSG. Wire instructions containing any other name or entity are not legitimate. If you receive an email regarding instructions that contain any suspicious information, including changes or revisions to the wire instructions, please contact LKLSG immediately.

From: Clifford Haines <chaines@haines-law.com>
Sent: Friday, June 7, 2024 7:43 AM
To: Jeffrey C. Schneider <jcs@lklsg.com>; George Bochetto <gbochetto@bochettoandlentz.com>
Cc: Timothy Kolaya <tkolaya@sknlaw.com>; Berlin, Amie R. <BerlinA@sec.gov>; Heskin, Shane <heskins@whiteandwilliams.com>; David Heim <dheim@bochettoandlentz.com>; Melanie Damian <mdamian@dvllp.com>; Dubow, Jay A. <Jay.Dubow@troutman.com>; erica.dressler@troutman.com; Catherine M. Recker <cmrecker@welshrecker.com>; Gaetan J. Alfano <gja@pietragallo.com>; Weir, Walter <wweir@wgpllp.com>; Jonathan Minsker <jminsker@minskerlaw.com>
Subject: RE: Final Hearing Date

I would like to get from the Receiver and the class action plaintiffs any documents they have relied on which were obtained from Eckert Seamans that relate to:

a) The existence of a RICO conspiracy in which they were a co conspirator
b) Any written documents that establishes that Eckert Seamans aided or abetted a RICO conspiracy;
c) Any documents that establish that Eckert Seamans assets are a part of the Receiver's estate

Are the class action plaintiffs or the Receiver prepared to share that evidence with us?

From: Jeffrey C. Schneider <jcs@lklsg.com>
Sent: Wednesday, June 5, 2024 10:29 AM
To: George Bochetto <gbochetto@bochettoandlentz.com>; Clifford Haines <chaines@haines-law.com>
Cc: Timothy Kolaya <tkolaya@sknlaw.com>; Berlin, Amie R. <BerlinA@sec.gov>; Heskin, Shane <heskins@whiteandwilliams.com>; David Heim <dheim@bochettoandlentz.com>; Melanie Damian <mdamian@dvllp.com>; Dubow, Jay A. <Jay.Dubow@troutman.com>; erica.dressler@troutman.com; Catherine M. Recker <cmrecker@welshrecker.com>; Gaetan J. Alfano <gja@pietragallo.com>; Weir, Walter <wweir@wgpllp.com>; Jonathan Minsker <jminsker@minskerlaw.com>
Subject: RE: Final Hearing Date

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From: Clifford Haines <chaines@haines-law.com>
Sent: Friday, May 31, 2024 5:26 PM
To: Jeffrey C. Schneider <jcs@lklsg.com>
Cc: Timothy Kolaya <tkolaya@sknlaw.com>; Berlin, Amie R. <BerlinA@sec.gov>; Heskin, Shane <heskins@whiteandwilliams.com>; George Bochetto Esquire (gbochetto@bochettoandlentz.com) <gbochetto@bochettoandlentz.com>; David Heim <dheim@bochettoandlentz.com>; Melanie Damian <mdamian@dvllp.com>; Dubow, Jay A. <Jay.Dubow@troutman.com>; erica.dressler@troutman.com; Catherine M. Recker (cmrecker@welshrecker.com) <cmrecker@welshrecker.com>; Gaetan J. Alfano <gja@pietragallo.com>; Weir, Walter <wweir@wgpllp.com>; Jonathan Minsker <jminsker@minskerlaw.com>
Subject: RE: Final Hearing Date

I would be happy to talk with you. The beginning of the week is bad, but I am free on Thurs or Friday morning. I am probably around in the afternoon on Wednesday; I have a deposition that shouldn't be very long. Do any of those time frames work for you?

From: Jeffrey C. Schneider <jcs@lklsg.com>
Sent: Thursday, May 30, 2024 7:48 PM
To: Clifford Haines <chaines@haines-law.com>
Cc: Timothy Kolaya <tkolaya@sknlaw.com>; Berlin, Amie R. <BerlinA@sec.gov>; Heskin, Shane <heskins@whiteandwilliams.com>; George Bochetto Esquire (gbochetto@bochettoandlentz.com) <gbochetto@bochettoandlentz.com>; David Heim <dheim@bochettoandlentz.com>; Melanie Damian <mdamian@dvllp.com>; Dubow, Jay A. <Jay.Dubow@troutman.com>; erica.dressler@troutman.com; Catherine M. Recker (cmrecker@welshrecker.com) <cmrecker@welshrecker.com>; Gaetan J. Alfano <gja@pietragallo.com>; Weir, Walter <wweir@wgpllp.com>; Jonathan Minsker <jminsker@minskerlaw.com>
Subject: Re: Final Hearing Date

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Cliff:

I am not sure to whom your email is directed. If to me, my apologies; I've been in trial all week and am just seeing this. The class lawyers reviewed all records relating to Eckert Seamans. The Receiver, of course, obviously reviewed a much more expansive universe of documents. The litigation to which we referred, and in which we engaged, are the various class cases.

Trial should wrap up tomorrow. I am happy to speak with you next week. Let me know what works.

Best regards,

Jeff

Jeffrey C. Schneider, PA

Levine Kellogg Lehman Schneider + Grossman LLP

Miami Tower
100 SE 2nd Street
36th Floor
Miami, FL 33131
305.403.8799 (direct)

jcs@lklsg.com
www.lklsg.com

On May 30, 2024, at 1:37 PM, Clifford Haines <chaines@haines-law.com> wrote:

I hope I have not heard back from any of you because you are contemplating my request.
I would think that, at a minimum Judge Ruiz would like us to work professionally to bring issues to him in a way that does not promote further delay after the hearing to approve the settlement.
It is not lost on me that we have become "bitter" enemies in this struggle (perhaps bitter is too strong a word; the better way to put it is, I guess "entrenched adversaries"). I always believed that even bitter adversity is capable of being handled in a professional manner. Ignoring one another is simply not a part of my world of adversity.

From: Clifford Haines
Sent: Tuesday, May 28, 2024 2:09 PM
To: Timothy Kolaya <tkolaya@sknlaw.com>; Berlin, Amie R. <BerlinA@sec.gov>; Heskin, Shane <heskins@whiteandwilliams.com>
Cc: George Bochetto Esquire (gbochetto@bochettoandlentz.com) <gbochetto@bochettoandlentz.com>; David Heim <dheim@bochettoandlentz.com>; Melanie Damian <mdamian@dvllp.com>; Dubow, Jay A. <Jay.Dubow@troutman.com>; erica.dressler@troutman.com; Catherine M. Recker (cmrecker@welshrecker.com) <cmrecker@welshrecker.com>; Jeffrey C. Schneider <jcs@lklsg.com>; Gaetan J. Alfano <gja@pietragallo.com>; Weir, Walter <wweir@wgpllp.com>; Jonathan Minsker <jminsker@minskerlaw.com>
Subject: RE: Final Hearing Date

Our response to your Motion to approve the settlement will, as presently contemplated, address factual voids in your presentation. Those facts may or may not be significant. Knowing the answers to our questions may save time at the final hearing and will help us focus our objections.

For instance, your Motion indicates that you have reviewed "thousands" of documents. We would like to know what documents you are referring to. You also reference "litigation" you have engaged in referable to your motion. What litigation are you referring to?
To the extent you are relying on information or legal principles not readily apparent in your Motion, we believe we are entitled to know what that information is.
Would you be open to a frank discussion about our questions?

From: Timothy Kolaya <tkolaya@sknlaw.com>
Sent: Tuesday, May 28, 2024 1:41 PM
To: Berlin, Amie R. <BerlinA@sec.gov>; Clifford Haines <chaines@haines-law.com>; Heskin, Shane <heskins@whiteandwilliams.com>
Cc: George Bochetto Esquire (gbochetto@bochettoandlentz.com) <gbochetto@bochettoandlentz.com>; David Heim <dheim@bochettoandlentz.com>; Melanie Damian <mdamian@dvllp.com>; Dubow, Jay A. <Jay.Dubow@troutman.com>; erica.dressler@troutman.com; Catherine M. Recker (cmrecker@welshrecker.com) <cmrecker@welshrecker.com>; Jeffrey C. Schneider <jcs@lklsg.com>; Gaetan J. Alfano <gja@pietragallo.com>
Subject: RE: Final Hearing Date

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Thank you. I believe we have heard back from all parties, with August 13th being the date when everybody is available. I will provide this date to the courtroom deputy.

Regards,

Tim

Timothy A. Kolaya
Stumphauzer Kolaya Nadler & Sloman, PLLC
One Biscayne Tower
2 South Biscayne Boulevard, Suite 1600
Miami, FL 33131

E-mail: tkolaya@sknlaw.com
Direct: 305-614-1405
Mobile: [redacted]

Bio | VCard | sknlaw.com
<image001.png>

From: Berlin, Amie R. <BerlinA@sec.gov>
Sent: Tuesday, May 28, 2024 9:58 AM
To: Clifford Haines <chaines@haines-law.com>; Timothy Kolaya <tkolaya@sknlaw.com>; Heskin, Shane <heskins@whiteandwilliams.com>
Cc: George Bochetto Esquire (gbochetto@bochettoandlentz.com) <gbochetto@bochettoandlentz.com>;

Kierstyn Vest

From: Clifford Haines
Sent: Friday, June 7, 2024 7:54 AM
To: Jeffrey C. Schneider; Timothy Kolaya; Jonathan Minsker; Weir, Walter; George Bochetto; Berlin, Amie R.
Cc: Linda Karpel; Kierstyn Vest
Subject: FW: PAR

As the e-mail below suggests, a) I am troubled by the fact that Mr. Alfano has repeatedly taken his story to the Philadelphia Inquirer.
I have also been troubled by the fact that Mr. Alfano has never, despite repeated requests going back to 2020 tried to learn the legal basis for believing that Eckert Seamans assets are a part of the receivers estate – other than "because I say so".
Are you prepared to share with us now the legal basis for that conclusion. If it is in your motion, I apologize and will read it more closely. I don't think it is. That's the reason for the direct question.
Will you answer this before August ?
I have not included Gaetan in this e-mail because he has steadfastly refused to provide me with any substantive answers to questions. You will share this e-mail with him but it is not directed to him because I have no reason to believe that he has modified his stance in any way.

From: Clifford Haines
Sent: Thursday, June 24, 2021 3:54 PM
To: Gaetan J. Alfano <GJA@Pietragallo.com>
Cc: Danielle Weiss <DWeiss@haines-law.com>; George Bochetto Esq. (gbochetto@bochettoandlentz.com) <gbochetto@bochettoandlentz.com>
Subject: PAR

I have been advised that you have told the Inquirer that you believe that insurance, intended to protect my clients is available to you as a receiver.

Putting aside that I think you are full of boloney, I find it particularly unprofessional of you to make that representation to the Newspapers.

This is a dispute that you and I will fight out in the Courtroom in front of a Judge.
It is not a subject that you, as an officer of the Court ought to be discussing with the press; unless Judge Ruiz gave you that license. You are not any party's lawyer; you are an arm of the Court.
Since you decided to express your opinion to the media, I expressed mine...only I didn't call your views baloney.

I would think that, at a minimum Judge Ruiz would like us to work professionally to bring issues to him in a way that does not promote further delay after the hearing to approve the settlement.
It is not lost on me that we have become "bitter" enemies in this struggle (perhaps bitter is too strong a word; the better way to put it is, I guess "entrenched adversaries"). I always believed that even bitter adversity is capable of being handled in a professional manner. Ignoring one another is simply not a part of my world of adversity.

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Sent: Tuesday, May 28, 2024 2:09 PM
To: Timothy Kolaya <tkolaya@sknlaw.com>; Berlin, Amie R. <BerlinA@sec.gov>; Heskin, Shane <heskins@whiteandwilliams.com>
Cc: George Bochetto Esquire (gbochetto@bochettoandlentz.com) <gbochetto@bochettoandlentz.com>; David Heim <dheim@bochettoandlentz.com>; Melanie Damian <mdamian@dvllp.com>; Dubow, Jay A. <Jay.Dubow@troutman.com>; erica.dressler@troutman.com; Catherine M. Recker (cmrecker@welshrecker.com) <cmrecker@welshrecker.com>; Jeffrey C. Schneider <jcs@lklsg.com>; Gaetan J. Alfano <gja@pietragallo.com>; Weir, Walter <wweir@wgpllp.com>; Jonathan Minsker <jminsker@minskerlaw.com>
Subject: RE: Final Hearing Date

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Sent: Tuesday, May 28, 2024 1:41 PM
To: Berlin, Amie R. <BerlinA@sec.gov>; Clifford Haines <chaines@haines-law.com>; Heskin, Shane <heskins@whiteandwilliams.com>
Cc: George Bochetto Esquire (gbochetto@bochettoandlentz.com) <gbochetto@bochettoandlentz.com>; David Heim <dheim@bochettoandlentz.com>; Melanie Damian <mdamian@dvllp.com>; Dubow, Jay A. <Jay.Dubow@troutman.com>; erica.dressler@troutman.com; Catherine M. Recker (cmrecker@welshrecker.com) <cmrecker@welshrecker.com>; Jeffrey C. Schneider <jcs@lklsg.com>; Gaetan J. Alfano <gja@pietragallo.com>
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Regards,

Tim

100 SE 2nd Street
36th Floor
Miami, FL 33131
305.403.8799 (direct)
[redacted]

jcs@lklsg.com
www.lklsg.com

On May 30, 2024, at 1:37 PM, Clifford Haines <chaines@haines-law.com> wrote:

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Cc: George Bochetto Esquire (gbochetto@bochettoandlentz.com) <gbochetto@bochettoandlentz.com>; David Heim <dheim@bochettoandlentz.com>; Melanie Damian <mdamian@dvllp.com>; Dubow, Jay A. <Jay.Dubow@troutman.com>; erica.dressler@troutman.com; Catherine M. Recker (cmrecker@welshrecker.com) <cmrecker@welshrecker.com>; Jeffrey C. Schneider <jcs@lklsg.com>; Gaetan J. Alfano <gja@pietragallo.com>; Weir, Walter <wweir@wgpllp.com>; Jonathan Minsker <jminsker@minskerlaw.com>
Subject: RE: Final Hearing Date

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Would you be open to a frank discussion about our questions?

From: Timothy Kolaya <tkolaya@sknlaw.com>
Sent: Tuesday, May 28, 2024 1:41 PM
To: Berlin, Amie R. <BerlinA@sec.gov>; Clifford Haines <chaines@haines-law.com>; Heskin, Shane <heskins@whiteandwilliams.com>
Cc: George Bochetto Esquire (gbochetto@bochettoandlentz.com) <gbochetto@bochettoandlentz.com>; David Heim <dheim@bochettoandlentz.com>; Melanie Damian <mdamian@dvllp.com>; Dubow, Jay A.

Kierstyn Vest

From: Clifford Haines
Sent: Monday, May 20, 2024 9:52 AM
To: Timothy Kolaya; Gaetan J. Alfano
Cc: Jonathan Minsker; Weir, Walter; George Bochetto; David Heim
Subject: Eckert Settlement Agreement

Please provide copies of all exhibits and attachments to your Motion to Approve the settlement other than the settlement agreement itself and proposed orders.
Have you determined the format for the final approval hearing?

Kierstyn Vest

From: Clifford Haines
Sent: Wednesday, May 8, 2024 1:09 PM
To: ruiz@flsd.uscourts.gov; Timothy Kolaya; Gaetan J. Alfano; Jeffrey C. Schneider
Cc: Jonathan Minsker; Weir, Walter
Subject: Motion to approve settlement in the Eckert matter

I write on behalf of the parties in Parker v. Pauciulo, Court of Common Pleas of Philadelphia County, December Term, 2020 No.00892 (hereinafter the "Parker Plaintiffs") previously identified in the Quarterly Reports from the Receiver to notify the Court of the intent to Oppose the Motion to approve a settlement with the Eckert Seamans law firm and its insurers.
The Parker Plaintiff's are a collection of unrelated funds which invested approximately $47,000,000 on behalf of approximately 150 individuals in PAR Funding
Immediately the Parker plaintiff's oppose Preliminary Approval of that settlement as requested by the Receiver in his Motion and wish to be heard. We would prefer a hearing as previously done by the Court in other cases, but we will make a full submission to the Court if necessary. Should we file a Motion with respect to one or the other? We request that the Court schedule a hearing consistent with its practice and inquire whether a formal Motion be filed or whether the Court only wants written submissions addressing preliminary approval.
We have reached out to the Receiver and class action plaintiffs seeking their agreement, but they have not responded as of this time.

Kierstyn Vest

From:	Clifford Haines
Sent:	Tuesday, April 30, 2024 5:45 PM
To:	Timothy Kolaya; Gaetan J. Alfano; Jeffrey C. Schneider
Cc:	Jonathan Minsker; Weir, Walter; Kierstyn Vest
Subject:	Motion to Approve Settlement

In a conference call with my clients this afternoon they have asked me to reach out to you and ask when you intend to file your Motion to approve the Eckert Settlement.
Consider this that ask.

Kierstyn Vest

From: Clifford Haines
Sent: Wednesday, April 3, 2024 10:52 AM
To: Berlin, Amie R.; Jeffrey C. Schneider; Timothy Kolaya; Gaetan J. Alfano
Cc: George Bochetto; Dubow, Jay A.; Jonathan Minsker; Weir, Walter
Subject: RE: Parker v. Pauciulo

Is there some reason that the Receiver's counsel has not provided the SEC with the requested information?

From: Berlin, Amie R. <BerlinA@sec.gov>
Sent: Wednesday, April 3, 2024 10:21 AM
To: Jeffrey C. Schneider <jcs@lklsg.com>; Clifford Haines <chaines@haines-law.com>; Timothy Kolaya <tkolaya@sknlaw.com>; Gaetan J. Alfano <GJA@Pietragallo.com>
Cc: George Bochetto <gbochetto@bochettoandlentz.com>; Dubow, Jay A. <Jay.Dubow@troutman.com>; Jonathan Minsker <jminsker@minskerlaw.com>; Weir, Walter <wweir@wgpllp.com>
Subject: RE: Parker v. Pauciulo

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As a point of clarification, the motion is not awaiting SEC "approval."
Rather, the Receiver conferred to obtain the SEC's position pursuant to the Local Rules and Orders in this case so that the Receiver can indicate what the SEC's position is in the Certificate of Conferral required in this jurisdiction pursuant to the Local Rules.
The SEC is awaiting information previously requested from the Receiver's counsel.

Thank you,
Amie Riggle Berlin

From: Jeffrey C. Schneider <jcs@lklsg.com>
Sent: Wednesday, April 3, 2024 9:20 AM
To: Clifford Haines <chaines@haines-law.com>; Timothy Kolaya <tkolaya@sknlaw.com>; Gaetan J. Alfano <GJA@Pietragallo.com>
Cc: Berlin, Amie R. <BerlinA@sec.gov>; George Bochetto <gbochetto@bochettoandlentz.com>; Dubow, Jay A. <Jay.Dubow@troutman.com>; Jonathan Minsker <jminsker@minskerlaw.com>; Weir, Walter <wweir@wgpllp.com>
Subject: RE: Parker v. Pauciulo

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Cliff:

I hope that you're well.

When you previously emailed on March 14, I responded by reminding you that I had shared the draft settlement agreement, motion to approve, notice, preliminary approval order, and final approval order with your team in September of last year. I sent you another copy of that email with its attachments. You thanked me. Another copy of

that exchange is attached. If you need anything else, I'm happy to supply it, but the draft motion is still pending SEC approval.

Best regards,

Jeff

Jeffrey C. Schneider, PA
Partner

LEVINE KELLOGG LEHMAN SCHNEIDER + GROSSMAN LLP
Miami Tower
100 SE 2nd Street, 36th Floor
Miami, FL 33131
305.403.8799 (direct)
305.403.8788 (main)
305.403.8789 (fax)

vCard | Bio | Website

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From: Clifford Haines <chaines@haines-law.com>
Sent: Wednesday, April 3, 2024 9:11 AM
To: Timothy Kolaya <tkolaya@sknlaw.com>; Gaetan J. Alfano <GJA@Pietragallo.com>; Jeffrey C. Schneider <jcs@lklsg.com>
Cc: Berlin, Amie R. <BerlinA@sec.gov>; George Bochetto <gbochetto@bochettoandlentz.com>; Dubow, Jay A. <Jay.Dubow@troutman.com>; Jonathan Minsker <jminsker@minskerlaw.com>; Weir, Walter <wweir@wgpllp.com>
Subject: RE: Parker v. Pauciulo

Your absolute refusal to even acknowledge my repeated e-mails is evidence of your non-cooperation in this matter. Even if we are not in agreement, my clients are entitled to hear from you.

I hope that Judge Ruiz will take into consideration your lack of professionalism when he reviews your Motion to deprive us of our day in Court. If not, perhaps the 11th Circuit will....or possibly the Philadelphia Inquirer that seems, somehow, to be the only newspaper outside of Florida that writes about your work. You wouldn't be feeding Mr. DiStephano information would you?

From: Clifford Haines
Sent: Tuesday, March 26, 2024 10:26 AM
To: 'Timothy Kolaya' <tkolaya@sknlaw.com>; 'Gaetan J. Alfano' <GJA@Pietragallo.com>; 'Jeffrey C. Schneider' <jcs@lklsg.com>
Cc: 'Berlin, Amie R.' <BerlinA@sec.gov>; 'George Bochetto' <gbochetto@bochettoandlentz.com>; 'Dubow, Jay A.' <Jay.Dubow@troutman.com>; Jonathan Minsker <jminsker@minskerlaw.com>; 'Weir, Walter' <wweir@wgpllp.com>
Subject: RE: Parker v. Pauciulo

I am following up on the e-mail below.
I think you owe it to the investors to show them the courtesy of a response.

From: Clifford Haines
Sent: Thursday, March 14, 2024 4:40 PM
To: Timothy Kolaya <tkolaya@sknlaw.com>; Gaetan J. Alfano <GJA@Pietragallo.com>; Jeffrey C. Schneider <jcs@lklsg.com>
Cc: Berlin, Amie R. <BerlinA@sec.gov>; George Bochetto <gbochetto@bochettoandlentz.com>; Dubow, Jay A. <Jay.Dubow@troutman.com>; Jonathan Minsker <jminsker@minskerlaw.com>; Weir, Walter <wweir@wgpllp.com>
Subject: Parker v. Pauciulo

Since you routinely ignore my e-mails, you are obviously not going to share with me the document you sent to the SEC in December of 2023 purporting to be a Motion to approve your settlement with the Eckert law firm. You certainly know how I feel about your lack of professional courtesy, but I will not ask again.

Instead I will ask the following:

It is now 10 months since you reported to Judge Ruiz you had settled with the Eckert firm and would be filing a Motion to approve that settlement and to bar my clients from further pursuing their pending legal malpractice claim.

Please advise me – so that I can advise my clients – when you intend to file your Motion with the Court.

I respectfully request some response. Continually ignoring me is not only disrespectful, the Pennsylvania lawyers involved here know that it is their responsibility to interact with opposing counsel. That responsibility does not go away because you are in a Court in another jurisdiction.

Kierstyn Vest

From: Clifford Haines
Sent: Wednesday, April 3, 2024 9:38 AM
To: Jeffrey C. Schneider; Timothy Kolaya; Gaetan J. Alfano
Cc: Berlin, Amie R.; George Bochetto; Dubow, Jay A.; Jonathan Minsker; Weir, Walter
Subject: RE: Parker v. Pauciulo

Please note the following questions I would ask the Receiver to answer (I didn't include you in my e-mail because it is the Receiver who is filing the Motion and the Receiver who will have to answer to the Court): Has the Receiver designated you as the spokesperson for them?

1) Did you send the SEC the Motion the Receiver intends to file?
2) Have you had discussions with the SEC?
3) Do you know why the SEC has not "weighed in" for over 3 months?
4) Has the SEC indicated to you any direction?

Jeff, I appreciate your prompt response but the Receiver has a fiduciary duty to my clients which he openly ignores. This pattern of leaving us out of discussions that involve our claim for $47,000,000, is unacceptable and we believe sanctionable.
I know the Receiver takes the view that he knows better than me – and maybe that will prove to be correct – but he can't demonstrate that attitude to my clients who are investors.
I assume he understands the concept or "fiduciary"?

From: Jeffrey C. Schneider <jcs@lklsg.com>
Sent: Wednesday, April 3, 2024 9:20 AM
To: Clifford Haines <chaines@haines-law.com>; Timothy Kolaya <tkolaya@sknlaw.com>; Gaetan J. Alfano <GJA@Pietragallo.com>
Cc: Berlin, Amie R. <BerlinA@sec.gov>; George Bochetto <gbochetto@bochettoandlentz.com>; Dubow, Jay A. <Jay.Dubow@troutman.com>; Jonathan Minsker <jminsker@minskerlaw.com>; Weir, Walter <wweir@wgpllp.com>
Subject: RE: Parker v. Pauciulo

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Cliff:

I hope that you're well.

When you previously emailed on March 14, I responded by reminding you that I had shared the draft settlement agreement, motion to approve, notice, preliminary approval order, and final approval order with your team in September of last year. I sent you another copy of that email with its attachments. You thanked me. Another copy of that exchange is attached. If you need anything else, I'm happy to supply it, but the draft motion is still pending SEC approval.

Best regards,

Jeff

Jeffrey C. Schneider, PA
Partner

Kierstyn Vest

From:	Clifford Haines
Sent:	Thursday, March 14, 2024 6:05 PM
To:	Jeffrey C. Schneider
Subject:	RE: Parker v. Pauciulo

I appreciate your response.

From: Jeffrey C. Schneider <jcs@lklsg.com>
Sent: Thursday, March 14, 2024 5:36 PM
To: Clifford Haines <chaines@haines-law.com>; Timothy Kolaya <tkolaya@sknlaw.com>; Gaetan J. Alfano <GJA@Pietragallo.com>
Cc: Berlin, Amie R. <BerlinA@sec.gov>; George Bochetto <gbochetto@bochettoandlentz.com>; Dubow, Jay A. <Jay.Dubow@troutman.com>; Jonathan Minsker <jminsker@minskerlaw.com>; Weir, Walter <wweir@wgpllp.com>
Subject: RE: Parker v. Pauciulo

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Cliff:

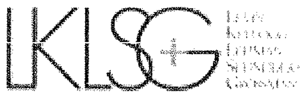
The motion to approve (with its attachments) was sent to your team in September (see attached). I specifically asked Jonathan to share the email and its attachments with you. We subsequently discussed the motion several times. The draft motion is still pending SEC approval.

I'm happy to discuss at your convenience.

Best regards,

Jeff

Jeffrey C. Schneider, PA
Partner



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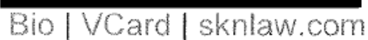
Also, it is entirely inappropriate and a violation of the court's rules to copy the court on these back-and-forth communications between counsel. Other than sending a proposed order to the court's email address, all communications to the court must be by motion or other filing on the court docket, and not by letter or email. Please stop copying the Judge on our email communications.

Regards,

Tim

Timothy A. Kolaya
Stumphauzer Kolaya Nadler & Sloman, PLLC
One Biscayne Tower
2 South Biscayne Boulevard, Suite 1600
Miami, FL 33131
E-mail: tkolaya@sknlaw.com
Direct: 305-614-1405



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<stumphauzerkolayanadlersloman_95fbe10e-83bc-4917-bb96-d9e1b2032972.png>

From: Clifford Haines <chaines@haines-law.com>
Sent: Thursday, October 12, 2023 3:51 PM
To: Timothy Kolaya <tkolaya@sknlaw.com>; ruiz@flsd.uscourts.gov
Cc: berlina@sec.gov; Johnson, Alise <johnsonali@SEC.GOV>; Schmidt, Linda S. <SCHMIDTLS@SEC.GOV>; drashbaum@mnrlawfirm.com; mordenes@mnrlawfirm.com; jmarcus@mnrlawfirm.com; kmeyers@mnrlawfirm.com; jmays@mnrlawfirm.com; jhirschhorn@gray-robinson.com; asfuterfas@futerfaslaw.com; arlaw@raikhelsonlaw.com; haimovitch@kolawyers.com; Chaparro@kolawyers.com; fields@kolawyers.com; ferguson@kolawyers.com; nunez@kolawyers.com; Gaetan J. Alfano <gja@pietragallo.com>; Douglas K. Rosenblum <dkr@pietragallo.com>; zach@millenniallaw.com; gbochetto@bochettoandlentz.com; james.kaplan@kaplanzeena.com; elizabeth.salom@kaplanzeena.com; service@kaplanzeena.com; noah.snyder@kaplanzeena.com; maria.escobales@kaplanzeena.com; bmiller@kslaw.com; Roessner, Michael <RoessnerM@SEC.GOV>; Juan Michelen <jmichelen@sknlaw.com>; Jonathan Minsker <jminsker@minskerlaw.com>
Subject: RE: 20-cv-81205-RAR Proposed Order

I'm not sure that you really want to know what I think you are missing.
All I can tell you is that a settlement conference and a mediation are two very different things.
Did Jeff share with you what I consider the scope of the discussions to be? If so, are you open to that?

From: Clifford Haines
Sent: Thursday, October 12, 2023 3:28 PM
To: Timothy Kolaya <tkolaya@sknlaw.com>; ruiz@flsd.uscourts.gov
Cc: berlina@sec.gov; Johnson, Alise <johnsonali@SEC.GOV>; Schmidt, Linda S. <SCHMIDTLS@SEC.GOV>; drashbaum@mnrlawfirm.com; mordenes@mnrlawfirm.com; jmarcus@mnrlawfirm.com;kmeyers@mnrlawfirm.com; jmays@mnrlawfirm.com; jhirschhorn@gray-

Kierstyn Vest

From: Clifford Haines
Sent: Thursday, October 12, 2023 4:13 PM
To: Timothy Kolaya
Cc: Jeffrey C. Schneider; Jonathan Minsker; Gaetan J. Alfano
Subject: RE: 20-cv-81205-RAR Proposed Order

I would have no way of knowing that you included the Judge's chambers in your communications.

A mediation is a private "conference" outside the Court's authority or supervision. Parties agree to mediation for just that reason. It can go on for months. It is totally confidential, and the Court may not be apprised of who said what, or what happens. It is predicated on the understanding that the parties are prepared to settle; it is simply the amount that is in dispute. There is never any report to the court that it even happened.
A settlement conference is an entirely different thing. It does not presume that the parties are prepared to agree to anything. It is almost always reported to the Court and accompanied by a recommendation.
We agreed to mediate in front of the magistrate because we avoid the expense and the need to bring an independent party up to speed. Beyond that we were not prepared to give up the confidentiality. In effect, we anticipated that the Magistrate would be wearing a different hat.
Since I have mediated in other jurisdictions, the procedure was much the same except that the Judge suggested the mediator.
So if I jumped the gun on what Jeff was preposing I guess you have now put this in the hands of Judge Ruiz.

From: Timothy Kolaya <tkolaya@sknlaw.com>
Sent: Thursday, October 12, 2023 3:57 PM
To: Clifford Haines <chaines@haines-law.com>
Cc: Jeffrey C. Schneider <jcs@lklsg.com>; Jonathan Minsker <jminsker@minskerlaw.com>; Gaetan J. Alfano <gja@pietragallo.com>
Subject: RE: 20-cv-81205-RAR Proposed Order

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Cliff or Jonathan –

Can one of you call me ASAP? Cliff's email, on which he copied the Judge's email address, suggested that my conferral notice was not accurate. There must be a misunderstanding, so let's address it immediately.

Also, it is entirely inappropriate and a violation of the court's rules to copy the court on these back-and-forth communications between counsel. Other than sending a proposed order to the court's email address, all communications to the court must be by motion or other filing on the court docket, and not by letter or email. Please stop copying the Judge on our email communications.

Regards,

Tim

Kierstyn Vest

From:	Clifford Haines
Sent:	Thursday, October 5, 2023 9:20 AM
To:	Jeffrey C. Schneider; Adilen Montes; Timothy Kolaya; Gaetan J. Alfano; Jonathan Minsker
Cc:	Weir, Walter; Linda Karpel; Haines & Associates
Subject:	RE: Eckert Seamans

From: Jeffrey C. Schneider <jcs@lklsg.com>
Sent: Thursday, October 5, 2023 9:18 AM
To: Clifford Haines <chaines@haines-law.com>; Adilen Montes <am@lklsg.com>; Timothy Kolaya <tkolaya@sknlaw.com>; Gaetan J. Alfano <gja@pietragallo.com>; Jonathan Minsker <jminsker@minskerlaw.com>
Cc: Weir, Walter <wweir@wgpllp.com>; Linda Karpel <LKarpel@haines-law.com>; Haines & Associates <haineslaw@haines-law.com>
Subject: RE: Eckert Seamans

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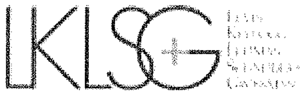
Cliff – we had a single conversation months ago before you received the term sheet during which you asked for copies of everything, which you have now received. Jonathan and I have certainly spoken a bunch, but you and I have not (apart from that one call). Let's speak today, please—as planned—and take it from there. Fair?

Jeffrey C. Schneider, PA
Partner



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From: Clifford Haines <chaines@haines-law.com>
Sent: Thursday, October 5, 2023 9:12 AM
To: Jeffrey C. Schneider <jcs@lklsg.com>; Adilen Montes <am@lklsg.com>; Timothy Kolaya <tkolaya@sknlaw.com>; Gaetan J. Alfano <gja@pietragallo.com>; Jonathan Minsker <jminsker@minskerlaw.com>
Cc: Weir, Walter <wweir@wgpllp.com>; Linda Karpel <LKarpel@haines-law.com>; Haines & Associates <haineslaw@haines-law.com>
Subject: RE: Eckert Seamans

We have spoken. You apparently don't remember what you said to me. Seems there is a lot of that here.

From: Jeffrey C. Schneider <jcs@lklsg.com>
Sent: Thursday, October 5, 2023 9:05 AM
To: Clifford Haines <chaines@haines-law.com>; Adilen Montes <am@lklsg.com>; Timothy Kolaya <tkolaya@sknlaw.com>; Gaetan J. Alfano <gja@pietragallo.com>; Jonathan Minsker <jminsker@minskerlaw.com>
Cc: Weir, Walter <wweir@wgpllp.com>; Linda Karpel <LKarpel@haines-law.com>; Haines & Associates <haineslaw@haines-law.com>
Subject: RE: Eckert Seamans

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We have yet to speak, Cliff. I sent one email yesterday simply confirming a conversation with Jonathan because I didn't want you to think that I didn't respond to your email. You responded with, by my count, three emails. But we have yetb to have a conversation. And there is absolutely no bitterness here. Why don't we speak today, as planned, by Zoom, and take it from there? I don't see any downside to us speaking directly today as planned.

Fair enough?

Jeffrey C. Schneider, PA
Partner

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From: Clifford Haines <chaines@haines-law.com>
Sent: Thursday, October 5, 2023 8:55 AM
To: Jeffrey C. Schneider <jcs@lklsg.com>; Adilen Montes <am@lklsg.com>; Timothy Kolaya <tkolaya@sknlaw.com>; Gaetan J. Alfano <gja@pietragallo.com>; Jonathan Minsker <jminsker@minskerlaw.com>
Cc: Weir, Walter <wweir@wgpllp.com>; Linda Karpel <LKarpel@haines-law.com>; Haines & Associates <haineslaw@haines-law.com>
Subject: RE: Eckert Seamans

It is my sense that we are talking at one another not to one another. Given the bitterness that exists here, I think the only possible way we could reach some agreement is through mediation. If you don't understand the bitterness, my door is open to you to come and talk.

From: Jeffrey C. Schneider <jcs@lklsg.com>
Sent: Wednesday, October 4, 2023 12:35 PM
To: Clifford Haines <chaines@haines-law.com>; Adilen Montes <am@lklsg.com>; Timothy Kolaya <tkolaya@sknlaw.com>; Gaetan J. Alfano <gja@pietragallo.com>; Jonathan Minsker <jminsker@minskerlaw.com>
Cc: Weir, Walter <wweir@wgpllp.com>; Linda Karpel <LKarpel@haines-law.com>; Haines & Associates <haineslaw@haines-law.com>
Subject: RE: Eckert Seamans

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Cliff—I just spoke to Jonathan, who will relay the conversation to you. Jonathan had a question for the Receiver, which I could not answer (and which I don't think the Receiver can answer yet). I also had a question for Jonathan, which you both can hopefully answer by tomorrow's Zoom.

Best regards,

Jeff

Jeffrey C. Schneider, PA
Partner

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From: Clifford Haines <chaines@haines-law.com>
Sent: Wednesday, October 4, 2023 11:40 AM
To: Adilen Montes <am@lklsg.com>; Jeffrey C. Schneider <jcs@lklsg.com>; Timothy Kolaya <tkolaya@sknlaw.com>; Gaetan J. Alfano <gja@pietragallo.com>; Jonathan Minsker <jminsker@minskerlaw.com>
Cc: Weir, Walter <wweir@wgpllp.com>; Linda Karpel <LKarpel@haines-law.com>; Haines & Associates <haineslaw@haines-law.com>
Subject: RE: Eckert Seamans

It would benefit us greatly if you would outline any proposal you intend to make in advance.

From: Adilen Montes <am@lklsg.com>
Sent: Friday, September 29, 2023 2:15 PM
To: Jeffrey C. Schneider <jcs@lklsg.com>; Timothy Kolaya <tkolaya@sknlaw.com>; Gaetan J. Alfano <gja@pietragallo.com>; Jonathan Minsker <jminsker@minskerlaw.com>
Cc: Clifford Haines <chaines@haines-law.com>; Weir, Walter <wweir@wgpllp.com>; Linda Karpel <LKarpel@haines-law.com>; Haines & Associates <haineslaw@haines-law.com>
Subject: RE: Eckert Seamans

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Good afternoon,

Below please find the zoom link for Thursday, October 5 at 3 pm EST.

https://us02web.zoom.us/j/84781525320?pwd=SmVTU2NHZGdQdHZXSUdhdGx4Vk5WQT09

Kierstyn Vest

From: Clifford Haines
Sent: Wednesday, September 20, 2023 8:55 AM
To: George Bochetto; Gaetan J Alfano
Cc: Timothy Kolaya; Weir, Walter
Subject: RE: Proposed Eckert Settlement

George;
Please keep us posted. As you surely know, Mr. Alfano has refused to discuss this putative settlement with us as well. We too expect to so advised the Court when the Motion is filed.

From: George Bochetto <gbochetto@bochettoandlentz.com>
Sent: Tuesday, September 19, 2023 6:28 PM
To: Gaetan J Alfano <GJA@pietragallo.com>
Cc: Timothy Kolaya <tkolaya@sknlaw.com>
Subject: Proposed Eckert Settlement

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Gaetan----During the status conference with Judge Ruiz on September 5th, you and Tim Koyola repeatedly assured the court you were actively negotiating with Vagnozzi in an effort tom secure Vagnozzi's agreement to the proposed settlement agreement with Eckert. That is demonstrably not true. I have repeatedly asked to discuss the matter with you---most recently by placing a phone call to you yesterday---and have been uniformly ignored. The ONLY thing you have done is send me a copy of the proposed agreement with Eckert and a copy of your draft Motion to Enforce that agreement and for a bar order. That is not negotiation or any attempt to negotiate.

AS I have repeatedly told you, I have strategies in mind that can significantly enhance the amount of settlement proceeds from Eckert's insurers and from the Eckert firm itself. This would inure to the added benefit of the investors whom you purport to serve. We can do A LOT BETTER than 45M (less the 15M reversion to the insurer), and we can make sure that the third parties WHO WERE ALSO VICTIMIZED BY ECKERT AND JOHN PAUCIULO also have a manner of recovering some of their PERSONAL, NON-RECEIVERSHIP damages.

You and the receivership team are exhibiting a swagger indicative of an "entitlement" to a bar order. While the 11th Circuit has in the past recognized bar orders in a receivership context, it has done so with little analysis of the equitable origins of receiverships and has ignored far more authoritative holdings in other circuits, e.g., the 6th Circuit, which come to the opposite conclusion. Your team is also ignoring the fact that the U. S. Supreme Court has recently stayed the imposition of a bar order arising from the 2nd Circuit in the Sackler opioid litigation in a Bankruptcy context (which is even more compelling than a mere common law receivership context) and the very significant and authoritative jurisprudence giving rise to that stay. I believe the Supreme Court is poised to declare bar orders that purport to extinguish non receivership claims over non receivership assets (as in the Vagnozzi case) unconstitutional. I have previously brought all of this to your attention, including the application filed by the Justice Department upon which the Supreme court acted, but apparently when a tree falls in a forest where nobody is listening it makes no noise.

I am still very willing to negotiate, but I can only do so with a willing adversary. If you have made up your mind to simply place your bet on securing an appellate proof bar order and blowing me off, then so be it. But I assure you we will fight any attempted bar request all the way to the U. S. Supreme Court if necessary.

You can also expect to see this email in a motion to Judge Ruiz to the extent I do not receive good faith from you in trying to reach an agreement.

Respectfully----

George Bochetto
Attorney At Law
1524 Locust Street
Philadelphia, PA 19102
(215) 735-3900
gbochetto@bochettoandlentz.com

Kierstyn Vest

From:	Clifford Haines
Sent:	Thursday, August 17, 2023 4:37 PM
To:	Gaetan J. Alfano
Cc:	Jonathan Minsker; Weir, Walter; Linda Karpel
Subject:	RE: Attached Image

I very much appreciate your responding but your report says less than you did in your June report and does not address why you won't talk to us about a matter we are involved in. Are we just going to do this by motion without the benefit of a "meet and confer"?
Do you intend to "negotiate" with us or do you intend to seek a complete bar to our claim?
Would you oppose a Motion to the Court seeking clarification of your position if you are not willing to share it with us?

From: Gaetan J. Alfano <GJA@Pietragallo.com>
Sent: Thursday, August 17, 2023 1:53 PM
To: Clifford Haines <chaines@haines-law.com>
Cc: Jonathan Minsker <jminsker@minskerlaw.com>; Weir, Walter <wweir@weirpartners.com>; Linda Karpel <LKarpel@haines-law.com>
Subject: RE: Attached Image

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I attach our Q2, 2023 report, which briefly discusses the status of the Eckert settlement at page 7. We still are working on a formal document and will be in touch with you once that process is further along.

Gaetan J. Alfano, Esquire
Pietragallo Gordon Alfano Bosick & Raspanti, LLP
1818 Market Street, Suite 3402
Philadelphia, PA 19103
Office: (215) 988-1441 | Fax: (215) 754-5181
GJA@Pietragallo.com| BIO|vCard

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-----Original Message-----
From: Clifford Haines <chaines@haines-law.com>
Sent: Monday, August 14, 2023 9:37 AM
To: Gaetan J. Alfano <GJA@Pietragallo.com>
Cc: Jonathan Minsker <jminsker@minskerlaw.com>; Weir, Walter <wweir@weirpartners.com>; Linda Karpel <LKarpel@haines-law.com>
Subject: FW: Attached Image

I reread paragraphs 6 and 7 of the Motion you filed with the Court seeking a stay. You did tell me when you had reached your agreement back in June that you and Tim would get back to me.
While we got sidetracked along the way, I passed that information along to my clients. Can you give me any further insight on you plans? Is it you intention to "work through issues" relating to us, with us? Needless to say, my folks want to know what is going on.
Can I please hear from you?

-----Original Message-----
From: scanstation@haines-law.com <scanstation@haines-law.com>
Sent: Monday, August 14, 2023 9:29 AM
To: Clifford Haines <chaines@haines-law.com>
Subject: Attached Image

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Kierstyn Vest

From: Gaetan J. Alfano <GJA@Pietragallo.com>
Sent: Wednesday, July 26, 2023 8:56 AM
To: Clifford Haines <chaines@haines-law.com>
Cc: Timothy Kolaya <tkolaya@sknlaw.com>
Subject:

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Good Morning Cliff,

We have not yet received payment pursuant to the Court's July 5, 2023 Order, attached. Please let us know the status. Thank you.

Gaetan

Gaetan J. Alfano, Esquire
Pietragallo Gordon Alfano Bosick & Raspanti, LLP
1818 Market Street, Suite 3402
Philadelphia, PA 19103
Office: (215) 988-1441 | Fax: (215) 754-5181
GJA@Pietragallo.com| BIO|vCard

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From: Clifford Haines
Sent: Monday, July 10, 2023 1:27 PM
To: Gaetan J. Alfano <GJA@Pietragallo.com>
Cc: George Bochetto Esquire (gbochetto@bochettoandlentz.com) <gbochetto@bochettoandlentz.com>; Walter Weir <wweir@wgpllp.com>; Timothy Kolaya <tkolaya@sknlaw.com>
Subject: RE: Receiver's responses in RED below.

There is no reason why we, or any other lawyer should be "charged" to communicate with you on behalf of our clients – to whom you have a fiduciary obligation. Why do you insist on constantly upping the ante?

From: Gaetan J. Alfano <GJA@Pietragallo.com>
Sent: Monday, July 10, 2023 12:27 PM
To: Clifford Haines <chaines@haines-law.com>
Cc: George Bochetto Esquire (gbochetto@bochettoandlentz.com) <gbochetto@bochettoandlentz.com>; Walter Weir <wweir@wgpllp.com>; Timothy Kolaya <tkolaya@sknlaw.com>
Subject: Receiver's responses in RED below.

This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Good Afternoon Cliff,

We decline to interpret the Term Sheet for your clients or to advise them. We also would like to avoid incurring further Receivership Estate fees in constant email exchanges. Nevertheless, in the spirit of cooperation, the Receiver provides the following responses to your questions.

I am meeting with all of the Parker plaintiff's in their pending case against Eckert Seamans on Tuesday afternoon. I intend to discuss the fact that have entered into the terms of agreement with Eckert Seamans along with the Class Action Plaintiffs in their case against Dean Vagnozzi now pending in the Eastern District of Pennsylvania. I want to be completely accurate in the representations I make to them regarding what has happened and what you intend to do.

1. The agreement was negotiated between class action lawyers, the receiver and Eckert without including any of the Parker Plaintiffs. The participants in the mediation were the Receiver, class counsel, and Eckert/ Pauciulo. There were no other participants.
2. You intend to seek an order baring the Parker plaintiffs' from pursuing their claim against Eckert any further effectively eliminating their present claim; The proposed settlement provides for a bar order from the Receivership Court.

3. You will receive 45 million dollars that will be put into the receivership without any preference to the Parker plaintiffs, but instead to the class action plaintiffs as decided by the Court .The settlement proceeds will
be paid into the Receivership Estate and distributed to claimants according to an approved Plan of Distribution. Your clients have made claims in the Receivership Estate for, among other things, investor losses, and those claims will be adjudicated as part of the claims process. Any potential priority of distribution will be addressed in the Plan.
4. You will seek an order from the District Court that prohibits an appeal of any order entered. Your characterization of the Order is not clear.
5. ?
6. You intend to compensate the Class Action lawyer, but not the Parker Lawyers from the recover in accordance with their 1/3 contingent fee agreement. Any potential distribution of fees to any counsel still must be resolved.
7. No other defendant has agreed to these terms. Your reference to " no other defendants" is not clear.

PLEASE CORRECT ANYTHING STATED ABOVE THAT IS INCORRECT

I will, of course , discuss and along with co-counsel, offer my opinions about this situation. Since you are in a fiduciary relationship with all these folks, I invite you to join. The Receiver is a court appointed officer whose duties are defined by the Court. We disagree that we have separate fiduciary duties to your clients and respectfully decline the invitation to participate in the meeting that you have scheduled for tomorrow.

Thank you.

Gaetan

Gaetan J. Alfano, Esquire
Pietragallo Gordon Alfano Bosick & Raspanti, LLP
1818 Market Street, Suite 3402
Philadelphia, PA 19103
Office: (215) 988-1441 | Fax: (215) 754-5181
GJA@Pietragallo.com| BIO|vCard

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From: Clifford Haines <chaines@haines-law.com>
Sent: Sunday, July 9, 2023 7:14 AM
To: Gaetan J. Alfano <GJA@Pietragallo.com>
Subject: FW: settlement agreement with Eckert

The e-mail below was intended for you and not Walter twice.

From: Clifford Haines
Sent: Sunday, July 9, 2023 7:12 AM
To: Weir, Walter <wweir@wgpllp.com>; Timothy Kolaya <tkolaya@sknlaw.com>
Cc: Weir, Walter <wweir@wgpllp.com>; George Bochetto <gbochetto@bochettoandlentz.com>
Subject: settlement agreement with Eckert

I am meeting with all of the Parker plaintiff's in their pending case against Eckert Seamans on Tuesday afternoon. I intend to discuss the fact that have entered into the terms of agreement with Eckert Seamans along with the Class Action Plaintiffs in their case against Dean Vagnozzi now pending in the Eastern District of Pennsylvania. I want to be completely accurate in the representations I make to them regarding what has happened and what you intend to do.

1. The agreement was negotiated between class action lawyers, the receiver and Eckert without including any of the Parker Plaintiffs.
2. You intend to seek an order baring the Parker plaintiffs' from pursuing their claim against Eckert any further effectively eliminating their present claim;
3. You will receive 45 million dollars that will be put into the receivership without any preference to the Parker plaintiffs, but instead to the class action plaintiffs as decided by the Court
4. You will seek an order from the District Court that prohibits an appeal of any order entered.
5.
6. You intend to compensate the Class Action lawyer, but not the Parker Lawyers from the recover in accordance with their 1/3 contingent fee agreement.
7. No other defendant has agreed to these terms

PLEASE CORRECT ANYTHING STATED ABOVE THAT IS INCORRECT

I will, of course , discuss and along with co-counsel, offer my opinions about this situation. Since you are in a fiduciary relationship with all these folks, I invite you to join.

Bar proceedings

Clifford Haines <chaines@haines-law.com>

Sat 7/8/2023 7:58 PM

To:Gaetan J. Alfano <gja@pietragallo.com>;Timothy Kolaya <tkolaya@sknlaw.com>

I have to report to my clients on Tuesday. I will summarize tomorrow my understanding of what you have conveyed to us regarding their legal malpractice suit.

Sent from my iPhone

Settlement info

Clifford Haines <chaines@haines-law.com>

Tue 7/4/2023 6:07 AM

To:Gaetan J. Alfano <GJA@Pietragallo.com>;Timothy Kolaya <tkolaya@sknlaw.com>
Cc:Weir, Walter <wweir@wgpllp.com>;Jonathan Minsker <jminsker@minskerlaw.com>;Haines & Associates <haineslaw@haines-law.com>

I recognize your disagreement with my subpoena and apologize for the acerbic nature of my interaction over the past two weeks. I can go overboard when I feel unfairly treated.
Putting that behind me, and us, I hope. Will you agree to provide me with the details of your agreement with Eckert?

It seems to me that your power is to "receive" the money and not distribute it. The class action folks seem to think you have recovered this money for them. Is that what you believe too? Or do you agree it is up to the Court to decide who gets the money?

RE: Eckert Seamans; Parker v. Pauciulo

Clifford Haines <chaines@haines-law.com>
Thu 6/29/2023 9:01 AM
To:Jeffrey C. Schneider <jcs@lklsg.com>
Cc:Weir, Walter <wweir@wgpllp.com>;Jonathan Minsker <jminsker@minskerlaw.com>;Gaetan J. Alfano <GJA@Pietragallo.com>

Respectfully, you didn't.
Who has the money been paid to? Is it in your hands or the receivers hands? Are their conditions before the carriers release that money? If so, what are they?
If you were at the table, I should have been at the table and would not have to ask these questions. I wasn't. that was Gaetan's choice. Does that piss me off? Of course. But that ship has sailed for the time being, so we need to move on.
Your answer is patronizing. Please don't do that. If we can't be fully open with one another, so be it and I'll simply wait for your (and Gaetan's) next move.
Jon, perhaps you can weigh in here.

From: Jeffrey C. Schneider <jcs@lklsg.com>
Sent: Thursday, June 29, 2023 8:43 AM
To: Clifford Haines <chaines@haines-law.com>
Cc: Weir, Walter <wweir@wgpllp.com>; Jonathan Minsker <jminsker@minskerlaw.com>; Gaetan J. Alfano <GJA@Pietragallo.com>
Subject: RE: Eckert Seamans; Parker v. Pauciulo

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Cliff:

I shared those terms already: $45 million, which represents remaining limits (less a small cushion to get the settlement concluded), and a small reversionary interest in CBSG's MCA accounts if they sell above the strike price (which, if memory serves, is more than $25 million).

Jeffrey C. Schneider, PA
Partner

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From: Clifford Haines <chaines@haines-law.com>
Sent: Thursday, June 29, 2023 8:38 AM
To: Jeffrey C. Schneider <jcs@lklsg.com>
Cc: Weir, Walter <wweir@wgpllp.com>; Jonathan Minsker <jminsker@minskerlaw.com>; Gaetan J. Alfano <GJA@Pietragallo.com>
Subject: RE: Eckert Seamans; Parker v. Pauciulo

Without getting into the specifics of our respective claims; until we have terms of any agreement reached with Eckert and it's insurers we cannot do anything.

From: Jeffrey C. Schneider <jcs@lklsg.com>
Sent: Tuesday, June 27, 2023 9:36 AM
To: Clifford Haines <chaines@haines-law.com>
Cc: Weir, Walter <wweir@wgpllp.com>; Jonathan Minsker <jminsker@minskerlaw.com>; Gaetan J. Alfano <GJA@Pietragallo.com>
Subject: RE: Eckert Seamans; Parker v. Pauciulo

This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Good morning, Cliff. There's a lot to unpack there, so I'll do my best to address everything in this email.

- You have subpoenaed Gaetan for deposition. There also seems to be some strain on that relationship. Given that, and the fact that I have known Jonathan Minsker for close to 30 years and have a tremendous amount of respect for him, it seemed logical for me to approach you instead of Gaetan approaching you.
- I don't know why you would think the Eckert malpractice insurance was "yours for the taking." The class sued Eckert. And George Bochetto sued Eckert.
- I am certain—having done this work for my entire legal career—that you are wrong as a matter of law. There's only one policy—covering all claims made against the firm—and it's a wasting policy. That means if we all went to trial and prevailed, and we all defended appeals successfully, we would still have that single policy to work with, although there would be considerably less there given the eroding nature of the policy. In addition, the victims and class members (and your clients) would have had to wait many years for the foregoing to play out. That's why the law provides a mechanism for a settlement and the barring of claims. No, there is no separate contribution from Eckert. But, yes, we managed to prevent millions of

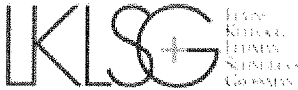
dollars being eroded from the policy. It's a trade-off, and one that makes a lot of sense for the victims, which is why the Courts routinely allow for this to occur.

- I don't understand the reference to "two years ago," since we spoke for the first time yesterday, but I suspect it's a reference to the Receiver and/or his counsel, which is why I continue to believe that it makes the most sense for us to continue speaking to see if there is a consensual resolution to be worked out.
- Yes, I see an easier path. It's a path I have taken many times in many cases in many jurisdictions. It prevents needless erosion of a finite asset (the insurance policy) and allows the victims to enjoy larger recoveries sooner, so that path makes sense for your clients, the putative class, and the receivership's victims.
- As for the division of the pie, I have nothing to share with you at this juncture. I would like to continue speaking to get your thoughts on the topic.

Happy to discuss again at your convenience.

Jeff

Jeffrey C. Schneider, PA
Partner



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From: Clifford Haines <chaines@haines-law.com>
Sent: Tuesday, June 27, 2023 9:11 AM
To: Jeffrey C. Schneider <jcs@lklsg.com>

To: Jeffrey C. Schneider <jcs@lklsg.com>
Subject: Eckert Seamans; Parker v. Pauciulo

I represent the *Parker* plaintiffs in a legal malpractice action pending here in Philadelphia. The Receiver filed a Motion in the Southern District of Florida last Thurs asking Judge Ruiz to stay my case because "we' have entered into a settlement agreement.
Since I haven't entered into any agreement, but the inference is that you did, would you share with me the parameters of the agreement you reached?

FW: Subpoena

Clifford Haines <chaines@haines-law.com>

Tue 6/27/2023 10:49 AM

To:Timothy Kolaya <tkolaya@sknlaw.com>
Cc:Gaetan J. Alfano <GJA@Pietragallo.com>

I got a bounce back on the e-mail below. Gaetan will you please forward it to Tim.

From: Clifford Haines
Sent: Tuesday, June 27, 2023 10:47 AM
To: Gaetan J. Alfano <GJA@Pietragallo.com>; tolaya@sknlaw.com
Subject: Subpoena

Recognizing that we are at endless odds with one another, my subpoena to you, Gaetan is to get to the bottom of what happened in New York earlier this month.
Most importantly, I want to understand what terms were agreed to in the "settlement" you have described, what conditions are attached to that agreement etc.
If you are prepared to share that information with me now, I will withdraw the subpoena.
This seems like a relatively straightforward request. Can I please have an answer in the next couple of hours.

RE: Subpoena for Deposition

Clifford Haines <chaines@haines-law.com>
Mon 6/26/2023 9:56 AM

To:Gaetan J. Alfano <GJA@Pietragallo.com>
Cc:Dubow, Jay A. <Jay.Dubow@troutman.com>;Katie Recker <cmrecker@welshrecker.com>;Weir, Walter <wweir@weirpartners.com>;George Bochetto <gbochetto@bochettoandlentz.com>;Haines & Associates <haineslaw@haines-law.com>;Timothy Kolaya <tkolaya@sknlaw.com>;Weir, Walter <wweir@weirpartners.com>

You are very wrong.
You do not need a Court order to tell me about your settlement with Eckert.
It's you who are behaving improperly Gaetan. So much so that you are provoking extended litigation in this matter by acting behind my back.
I have no reason to trust you. When you called me on June 8, you told me you would get back to me on the settlement details the following week. You didn't say you needed the Court's permission to do that. And, of course, neither you nor Tim have made any effort to explain what's going on. You think that's proper?
You know that the Motion you filed is incorrect, yet you won't correct it? What, pray tell, is that all about?

I have asked you to explain your position for two years and you refuse to do that. You have worked hard to create a sense of distrust.

From: Gaetan J. Alfano <GJA@Pietragallo.com>
Sent: Monday, June 26, 2023 9:04 AM
To: Clifford Haines <chaines@haines-law.com>
Cc: Dubow, Jay A. <Jay.Dubow@troutman.com>; Katie Recker <cmrecker@welshrecker.com>; Weir, Walter <wweir@weirpartners.com>; George Bochetto <gbochetto@bochettoandlentz.com>; Haines & Associates <haineslaw@haines-law.com>; Timothy Kolaya <tkolaya@sknlaw.com>; Weir, Walter <wweir@weirpartners.com>
Subject: RE: Subpoena for Deposition

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Your email just demonstrates that the proposed deposition is simply harassment. We will provide information about the proposed settlement pursuant to the Court's scheduling Order.

Gaetan J. Alfano, Esquire
Pietragallo Gordon Alfano Bosick & Raspanti, LLP
1818 Market Street, Suite 3402
Philadelphia, PA 19103
Office: (215) 988-1441 | Fax: (215) 754-5181
GJA@Pietragallo.com| BIO|vCard

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LLP by reply e-mail, and delete all copies of this communication from your computer and network. Thank you.

From: Clifford Haines <chaines@haines-law.com>
Sent: Monday, June 26, 2023 8:40 AM
To: Gaetan J. Alfano <GJA@Pietragallo.com>
Cc: Dubow, Jay A. <Jay.Dubow@troutman.com>; Katie Recker <cmrecker@welshrecker.com>; Weir, Walter <wweir@weirpartners.com>; George Bochetto <gbochetto@bochettoandlentz.com>; Haines & Associates <haineslaw@haines-law.com>; Timothy Kolaya <tkolaya@sknlaw.com>; Weir, Walter <wweir@weirpartners.com>
Subject: RE: Subpoena for Deposition

How about this...you start telling me the truth about what is going on...provide me with the agreement reached with JAMS...explain what your legal authority is in meddling with the malpractice actions, and I will consider your position.

From: Gaetan J. Alfano <GJA@Pietragallo.com>
Sent: Monday, June 26, 2023 8:30 AM
To: Clifford Haines <chaines@haines-law.com>
Cc: Dubow, Jay A. <Jay.Dubow@troutman.com>; Katie Recker <cmrecker@welshrecker.com>; Weir, Walter <wweir@weirpartners.com>; George Bochetto <gbochetto@bochettoandlentz.com>; Haines & Associates <haineslaw@haines-law.com>; Timothy Kolaya <tkolaya@sknlaw.com>
Subject: RE: Subpoena for Deposition

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I have provided you with the reasons why the deposition is improper. You have not refuted them but instead are compelling the Receiver to expend Receivership resources to seek the Court's intervention. This is an ill-advised strategy.

Gaetan J. Alfano, Esquire
Pietragallo Gordon Alfano Bosick & Raspanti, LLP
1818 Market Street, Suite 3402
Philadelphia, PA 19103
Office: (215) 988-1441 | Fax: (215) 754-5181
GJA@Pietragallo.com| BIO|vCard

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From: Clifford Haines <chaines@haines-law.com>
Sent: Monday, June 26, 2023 8:24 AM
To: Gaetan J. Alfano <GJA@Pietragallo.com>
Cc: Dubow, Jay A. <Jay.Dubow@troutman.com>; Katie Recker <cmrecker@welshrecker.com>; Weir, Walter <wweir@weirpartners.com>; George Bochetto <gbochetto@bochettoandlentz.com>; Haines & Associates

<haineslaw@haines-law.com>; Timothy Kolaya <tkolaya@sknlaw.com>
Subject: RE: Subpoena for Deposition

I'm not convinced you are the arbiter of "improper" Is that like filing a motion that is untrue?
I have seen no Motion or Order. Until such time as I see the Order the deposition is on.

From: Gaetan J. Alfano <GJA@Pietragallo.com>
Sent: Sunday, June 25, 2023 1:23 PM
To: Clifford Haines <chaines@haines-law.com>
Cc: Dubow, Jay A. <Jay.Dubow@troutman.com>; Katie Recker <cmrecker@welshrecker.com>; Weir, Walter <wweir@weirpartners.com>; George Bochetto <gbochetto@bochettoandlentz.com>; Haines & Associates <haineslaw@haines-law.com>; Timothy Kolaya <tkolaya@sknlaw.com>
Subject: RE: Subpoena for Deposition

This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Cliff,

On Friday, June 23rd at approximately 3.30pm, my office received a subpoena for my deposition.

It is improper and should be withdrawn.

First, the Receiver has judicial immunity, which extends to protection from discovery, not just suit. See Receiver, Ryan K. Stumphauzer's Expedited Motion to Quash Friday Afternoon Subpoena and For Protective Order (ECF 156) and the Receivership Court's corresponding Order (ECF 157). This tactic has been tried unsuccessfully before and has no place in this proceeding.

Second, the Litigation Stay in the Amended Order Appointing Receiver (paragraphs 32- 33, ECF 141) remains in place. The relief from the Stay provided by the Receivership Court extends only to claims by your clients against Eckert Seamans and/or John W. Pauciulo (ECF 1398). It does not authorize discovery of or claims against the Receiver or Receivership Entities.

Finally, the Court has issued an Order Setting Briefing Schedule on the Receiver's Motion to Reimpose Litigation Stay Against Eckert Seamans and/or John W. Pauciulo
(ECF 1601). Similarly, nothing in that Order permits discovery of the Receiver or Receivership Entities, or discovery of the proposed settlement with Eckert.

The Receiver does not want to incur further fees in addressing this matter. Accordingly, please withdraw the subpoena, in writing, by 12 noon tomorrow. Otherwise, the Receiver will be compelled to move for a protective order and, in doing so, seek all appropriate relief from the Receivership Court.

Thank you.

Gaetan

Gaetan J. Alfano, Esquire
Pietragallo Gordon Alfano Bosick & Raspanti, LLP
1818 Market Street, Suite 3402
Philadelphia, PA 19103
Office: (215) 988-1441 | Fax: (215) 754-5181
GJA@Pietragallo.com| BIO|vCard

Receiver/Eckert settlement

Clifford Haines <chaines@haines-law.com>

Thu 6/22/2023 4:30 PM

To:Gaetan J. Alfano <GJA@Pietragallo.com>;Timothy Kolaya <tkolaya@sknlaw.com>
Cc:Dubow, Jay A. <Jay.Dubow@troutman.com>;Weir, Walter <wweir@wgpllp.com>

After you told me about your settlement two weeks ago, I waited to hear more from you as you said I would..
You have not reached out to me, replied to e-mails, or returned calls on this subject for more than a week.

You have, however, filed a Motion with the Court misrepresenting my position with respect to your settlement and again attempted to interfere with our case by seeking a stay.

It is clear you have no intention of treating us professionally. Accordingly, we are filing a separate Motion with Judge Ruiz to Compel you to disclose the terms of your putative agreement.

We are sending a copy of this e-mail to the Court at 5:00 pm tonight. If I have misrepresented anything, please let me know now.

Settlement Agreement

Clifford Haines <chaines@haines-law.com>

Wed 6/21/2023 5:35 PM

To:Gaetan J. Alfano <GJA@Pietragallo.com>;Timothy Kolaya <tkolaya@sknlaw.com>;Dubow, Jay A. <Jay.Dubow@troutman.com>
Cc:Weir, Walter <wweir@weirpartners.com>

Please provide us with the terms of your settlement with Eckert immediately.

FW: Silence

Clifford Haines <chaines@haines-law.com>

Tue 6/20/2023 9:23 AM

To:Gaetan J. Alfano <GJA@Pietragallo.com>;Timothy Kolaya <tkolaya@sknlaw.com>
Cc:Dubow, Jay A. <Jay.Dubow@troutman.com>

You "Motion" to the Court becomes increasingly mystifying. I can't imagine there were settlement discussion that did not include Eckert's counsel – unless your settlement has nothing to do with *Parker v. Pauciulo*.

Your Motion does not include any information concerning the terms you, Eckert and it's insurers agreed to. It does not disclose the amount of the settlement. It seems not to distinguish between tort claims and fraud claims. (The

Contrary to your representations we have agreed to nothing. Whether we would or not depends on exactly what is going on here.

You have always contended that you have a right to any recovery obtained by my clients. We have always maintained that you do not. If this settlement involves your "taking" of available insurance that would cover my client's claims, we are not going to settle – although you have told George Bochetto you have some putative theory that will compel that outcome. One way or another you have invited a protracted legal battle. Without some transparencies on your part, you are really being quite deceptive to Judge Ruiz.

Moreover, a "stay" of our litigation is unrelated to your working out a settlement unless, of course, you see that as a vehicle to coerce our cooperation.

We have discussed this matter with co-counsel, the SEC and other lawyers and no one appreciates your foundation for your interference with our case. It is really time to be forthcoming. If not, we will simply proceed upon "information and belief" – Plus what you have told Mr. McCoy at the inquirer.

From: Dubow, Jay A. <Jay.Dubow@troutman.com>
Sent: Tuesday, June 20, 2023 8:26 AM
To: Clifford Haines <chaines@haines-law.com>
Cc: Dressler, Erica Hall <Erica.Dressler@troutman.com>; Marko, Mia S. <Mia.Marko@troutman.com>; 'Catherine M. Recker (cmrecker@welshrecker.com)' <cmrecker@welshrecker.com>; Richard Walk <rwalk@welshrecker.com>
Subject: RE: Silence

This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Cliff-

It was not out filing, so I don't have any comment about it.

Jay

Jay A. Dubow
Partner
troutman **pepper**
Direct: 215.981.4713
jay.dubow@troutman.com

From: Clifford Haines <chaines@haines-law.com>
Sent: Monday, June 19, 2023 12:13 PM

To: Gaetan J. Alfano <GJA@Pietragallo.com>; Dubow, Jay A. <Jay.Dubow@troutman.com>; Timothy Kolaya <tkolaya@sknlaw.com>
Cc: Haines & Associates <haineslaw@haines-law.com>
Subject: Silence

CAUTION: This message came from outside the firm. DO NOT click links or open attachments unless you recognize this sender (look at the actual email address) and confirm the content is safe.

I assume that neither you Gaetan nor you Jay liked the tenor of my e-mails last week.

I also assume you have no intention of providing me with any information or documentation with respect to anything contained in Paragraph 5 of the Subphase Motion of last Thursday.

I assume you don't intend, as you represented to me on June 8th, to consult with anyone on behalf of the *Parker case*

I assume you do not feel the need – or requirement – to meet and consult with me on any subject going forward.

I will proceed accordingly.

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Silence

Clifford Haines <chaines@haines-law.com>
Mon 6/19/2023 12:13 PM
To:Gaetan J. Alfano <GJA@Pietragallo.com>;Dubow, Jay A. <Jay.Dubow@troutman.com>;Timothy Kolaya <tkolaya@sknlaw.com>
Cc:Haines & Associates <haineslaw@haines-law.com>

I assume that neither you Gaetan nor you Jay liked the tenor of my e-mails last week.

I also assume you have no intention of providing me with any information or documentation with respect to anything contained in Paragraph 5 of the Subphase Motion of last Thursday.

I assume you don't intend, as you represented to me on June 8th, to consult with anyone on behalf of the *Parker case*

I assume you do not feel the need – or requirement – to meet and consult with me on any subject going forward.

I will proceed accordingly.

Your plan to take over the Parker case.

Clifford Haines <chaines@haines-law.com>

Fri 6/16/2023 5:08 PM

To:Gaetan J. Alfano <GJA@Pietragallo.com>;Timothy Kolaya <tkolaya@sknlaw.com>;Dubow, Jay A. <Jay.Dubow@troutman.com>
Cc:Haines & Associates <haineslaw@haines-law.com>;Weir, Walter <wweir@wgpllp.com>;David Heim <dheim@bochettoandlentz.com>;George Bochetto <gbochetto@bochettoandlentz.com>

Your unwillingness to be transparent – or truthful – is disheartening.

You have never provided one legal principal that any money recoverable by my clients in a malpractice action is a part of the receiver's estate.

That's because you don't have one. And you can't create a legal syllogism that supports your analysis. And making up stories that we participated in settlement is just dishonest. Needless to say my clients were very concerned about what I might have done. You weren't trying to undermine the attorney client relationship were you?

We will respond to your motion. But we aren't a party so we need to figure out how to change that. We will analyze what other options we may have. We of course will not disclose our plans until they are executed. That's the way you are doing it, right?

Your Motion to Judge Ruiz

Clifford Haines <chaines@haines-law.com>

Fri 6/16/2023 3:37 PM

To:Timothy Kolaya <tkolaya@sknlaw.com>;Gaetan J. Alfano <GJA@Pietragallo.com>

In about 30 minutes I have to explain to my clients the statement you have made in Paragraph 5 regarding the *Parker* case. Would you care to enlighten me so that I can explain your statement to them?

paragraph 5

Clifford Haines <chaines@haines-law.com>

Fri 6/16/2023 7:32 AM

To:Gaetan J. Alfano <GJA@Pietragallo.com>
Cc:Dubow, Jay A. <Jay.Dubow@troutman.com>;Haines & Associates <haineslaw@haines-law.com>

Paragraph 5 of your Motion is a total misstatement regarding the Parker case. I would urge you to amend your pleading so as to avoid a claim of misrepresentation to the Court.

Receiver v. Eckert Seamans

Clifford Haines <chaines@haines-law.com>

Tue 6/13/2023 6:14 PM

To:Gaetan J. Alfano <GJA@Pietragallo.com>;Dubow, Jay A. <Jay.Dubow@troutman.com>
Cc:Berlin, Amie R. <BerlinA@sec.gov>

You continue to act with your usual unwillingness to provide us anything but crumbs of information. It borders on disdain. The tactic is effective when you are spoiling for a fight . We find ourselves skeptical of your motives when it comes to those investors who were also Eckert clients. I have expressed my disagreement for two years. I can only assume you and your client are now provoking yet more litigation. We certainly don't believe this is with the approval or agreement of the SEC but I will conceded that Eckert has been no more forthcoming than you

Any intelligent conversation with us will require full disclosure of exactly what you are doing and under what authority you are doing it.

I have looked at the amended order appointing your client and have not yet found the language that gives you authority to reach as far as you apparently have. Perhaps you can enlighten me.

Questions?

Clifford Haines <chaines@haines-law.com>

Sun 6/11/2023 12:08 PM

To:Gaetan J. Alfano <GJA@Pietragallo.com>;Dubow, Jay A. <Jay.Dubow@troutman.com>;Katie Recker <cmrecker@welshrecker.com>
Cc:Haines & Associates <haineslaw@haines-law.com>;Weir, Walter <wweir@wgpllp.com>;Jonathan Minsker <jminsker@minskerlaw.com>;Berlin, Amie R. <BerlinA@sec.gov>

1. What is the Receiver's claim against Eckert?
2. What is the statutory or common law basis for the claim?
3. How much money is involved?
4. Who is paying for this settlement?
5. Has any malpractice insurer agreed to pay money?
6. If so, in response to what clause in their insurance contract?
7. What claim made by the SEC does this claim involve?
8. Why were no other claimants against Eckert involved ?
9. Where will this money go?
10. What is the legal basis on which you will ask Judge Ruiz to stay the State Court case?

FW: Attached Image

Clifford Haines <chaines@haines-law.com>

Wed 1/25/2023 1:47 PM

To:Dubow, Jay A. <Jay.Dubow@Troutman.com>;Katie Recker <cmrecker@welshrecker.com>;Gaetan J. Alfano <GJA@pietragallo.com>;tolaya@sknlaw.com <tolaya@sknlaw.com>;George Bochetto <gbochetto@bochettoandlentz.com>; David Heim <dheim@bochettoandlentz.com>
Cc:Linda Karpel <LKarpel@haines-law.com>

Attached Image;

The attached Status report (missing page 3) indicates the existence of settlement negotiations with Eckert Seamans.
We believe our claims against both John Pauciulo and Eckert Seams take priority to any claim by the Receiver and supersede claims that are appropriately covered by legal malpractice insurance. Similarly, Eckert knows, or should know that claims against them by clients may exceed existing coverage and expose them to liability.
Please advise us of your disagreement with this position so that we may pursue available remedies through the Courts.

-----Original Message-----
From: scanstation@haines-law.com <scanstation@haines-law.com>
Sent: Wednesday, January 25, 2023 1:04 PM
To: Clifford Haines <chaines@haines-law.com>
Subject: Attached Image

This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Re: Parker v. Pauciulo

Clifford Haines <chaines@haines-law.com>
Sun 11/13/2022 2:24 PM

To:Gaetan J. Alfano <GJA@pietragallo.com>
Cc:Linda Karpel <LKarpel@haines-law.com>;George Bochetto <gbochetto@bochettoandlentz.com>;David Heim <dheim@bochettoandlentz.com>;Dubow, Jay A. <Jay.Dubow@troutman.com>;Katie Recker <cmrecker@welshrecker.com>

This is simple. You have been negotiating with Eckert. If it has no impact on assets which may be available to us, great. That's what I am talking about. You aren't going to tell me your not negotiating with them are you?

Sent from my iPhone

On Nov 13, 2022, at 2:06 PM, Gaetan J. Alfano <GJA@pietragallo.com> wrote:

This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Cliff,

I have no idea what you are talking about. As you know from our filings with the Receivership Court, the Receiver has advocated for a global resolution between Eckert and all claimants.

I do not know what aspect of your insurance analysis you are referencing and what the Receiver may be in disagreement with. Are there prior emails on the subject that may provide context? I do not believe that any claims that the Receiver may bring represents an impediment or interference with any potential resolution. Nevertheless, I cannot prevent you from raising any issue with the Court that you deem important but since I do not understand what you are referencing, I cannot tell you what our position may be.

Thank you.

Gaetan

Gaetan J. Alfano, Esquire
Pietragallo Gordon Alfano Bosick & Raspanti, LLP
1818 Market Street, Suite 3402
Philadelphia, PA 19103
Office: (215) 988-1441 | Fax: (215) 754-5181
GJA@Pietragallo.com| BIO|vCard

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Parker v. Pauciulo

Clifford Haines <chaines@haines-law.com>

Fri 11/11/2022 8:30 AM

To:Gaetan J. Alfano <GJA@Pietragallo.com>
Cc:Linda Karpel <LKarpel@haines-law.com>;George Bochetto <gbochetto@bochettoandlentz.com>;David Heim <dheim@bochettoandlentz.com>;Dubow, Jay A. <Jay.Dubow@Troutman.com>;Katie Recker <cmrecker@welshrecker.com>

Gaetan;

Now that the Court has lifted the stay in our case we are trying to proceed expeditiously against Eckert. I am cautiously optimistic that we will find, a mechanism to resolve our claim without a prolonged fight..
I fear that the Liquidator's ongoing discussions with Eckert may be a) an impediment to doing that and b) an interference to that. Let me explain.

We have been advised about Eckert's malpractice insurance limits. Subject to a review of the relevant policies, we believe the entirety of that coverage can apply to claims made by the firms' former clients and not third parties. Since our damages now exceed the existing coverage, we want to be certain that the coverage is there for those folks.

In the past you have expressed some disagreement with my analysis of the insurance issue. Unless you are in agreement with me, I intend to promptly submit this issue to the Court for resolution. In the meantime, no agreement should be made between your client and Eckert until these concerns are put aside.

Will you please let me know what your clients thoughts are on this?

Parker

Clifford Haines <chaines@haines-law.com>

Wed 6/8/2022 11:39 AM

To:Gaetan J. Alfano <GJA@Pietragallo.com>
Cc:Danielle Weiss <DWeiss@haines-law.com>

We continue to be mystified concerning your various positions regarding our clients. I am troubled that you tell me that you will get back to me and don't. But that is now to be expected.
We are going to "refile" a Motion to lift the Stay. We would ask that you not block these investors attempt to get alternative resolution of their losses.
I believe your actions may rise to a constitutional violation...we are exploring that too.

PAR

Clifford Haines <chaines@haines-law.com>

Wed 3/23/2022 12:10 PM

To:Gaetan J. Alfano <GJA@Pietragallo.com>

Cc:Danielle Weiss <DWeiss@haines-law.com>;George Bochetto <gbochetto@bochettoandlentz.com>

So far I have a 000 batting average with you and the Court. I'd like to improve that but I'm not sure how that's going to work.

As you know, I have a group of investors who have investors in their funds. No disrespect meant, but the Court has not, as promised, kept this group informed of what's going on unless something has appeared on the Websites since January (The most recent report is from the Atlantic City Press!)

I don't expect anymore, that we will agree on much, but I'm hoping you can help enlighten me on the present status of things – particularly our ability to proceed with our lawsuit.

It is important for me to keep my clients informed. To the extent you can shed any light on where things are going, it would be appreciated.

Respectfully they have pretty much been kept in the dark. (the postings on your website are pretty much "lawyer speak")

I'd appreciate it if you would share this e-mail with your client.

RE: Eckert Seamans

Gaetan J. Alfano <GJA@Pietragallo.com>
Thu 2/3/2022 2:47 PM

To:Clifford Haines <chaines@haines-law.com>
Cc:Danielle Weiss <DWeiss@haines-law.com>

This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

I will discuss with the Receiver and Tim Kolaya and get back to you.

Thanks

Gaetan J. Alfano, Esquire
Pietragallo Gordon Alfano Bosick & Raspanti, LLP
1818 Market Street, Suite 3402
Philadelphia, PA 19103
Office: (215) 988-1441 | Fax: (215) 754-5181
GJA@Pietragallo.com| BIO|vCard

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From: Clifford Haines <chaines@haines-law.com>
Sent: Tuesday, February 1, 2022 1:21 PM
To: Gaetan J. Alfano <GJA@Pietragallo.com>
Cc: Danielle Weiss <DWeiss@haines-law.com>
Subject: Eckert Seamans

I know there have been some additional conversations with you, Mr. Stumphauzer and George Bochetto about our desire to lift the stay.

I would like to avoid a confrontation with you over this. Perhaps we can move forward with baby steps and request that Judge Ruiz order Eckert to produce its insurance policy.

I don't know whether he has jurisdiction to do that, but it's a thought.

Worth further consideration?

Parker v. Pauciullo

Clifford Haines <chaines@haines-law.com>

Tue 1/18/2022 10:26 AM

To:Gaetan J. Alfano <GJA@Pietragallo.com>

Cc:rstumphauzer@sfslaw.com <rstumphauzer@sfslaw.com>;George Bochetto <gbochetto@bochettoandlentz.com>

As you know, it is our plan to request that the stay imposed by Judge Ruiz be lifted so that we can proceed against Eckert in the legal malpractice suit now pending in Philadelphia.

While no one else objects we anticipate that you will.

In most instances where parties disagree the Court expects them to meet and confer. To date we have little in the way of dialogue on this issues other than a rather firm objection.

Frankly your position mystifies me, but that is of no particular importance.

However, I would like to explore with you any common ground we may be able to find that satisfies you and our clients.

Are you willing to have a conference to discuss?

RE: PAR

Clifford Haines <chaines@haines-law.com>
Wed 12/1/2021 4:33 PM
To:Gaetan J. Alfano <GJA@Pietragallo.com>
Cc:Danielle Weiss <DWeiss@haines-law.com>

When and if we ever litigate any aspect of this situation etched in my brain will be your words "nothing we are prepared to share".
At least you are consistent.
Danielle, would you pull up the docket so that we can see who has filed Motions to lift the stay.
Thanks

From: Gaetan J. Alfano <GJA@Pietragallo.com>
Sent: Wednesday, December 1, 2021 4:17 PM
To: Clifford Haines <chaines@haines-law.com>
Subject: RE: PAR

This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Thanks Cliff but there is nothing that we are prepared to share at this time.

Gaetan J. Alfano, Esquire
Pietragallo Gordon Alfano Bosick & Raspanti, LLP
1818 Market Street, Suite 3402
Philadelphia, PA 19103
Office: (215) 988-1441 | Fax: (215) 754-5181
GJA@Pietragallo.com| BIO|vCard

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From: Clifford Haines <chaines@haines-law.com>
Sent: Tuesday, November 30, 2021 10:50 AM
To: Gaetan J. Alfano <GJA@Pietragallo.com>
Subject: PAR

Do you (the receiver) have a game plan going forward that you can share with me?

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. PAUCIULO; :
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. :

PROPOSED ORDER

AND NOW, this _____ day of ______________________, 2022, upon consideration of Defendants Eckert Seamans Cherin & Mellott, LLC's and John W. Pauciulo's Renewed Motion to Dismiss Plaintiffs' Class Action Complaint, and any response thereto, it is hereby **ORDERED** that 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 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. PAUCIULO; :
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. :

DEFENDANTS ECKERT SEAMANS CHERIN & MELLOTT, LLC'S AND JOHN W. PAUCIULO'S RENEWED MOTION 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 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: October 24, 2022

Respectfully submitted,

/s/ Jay A. Dubow
Jay A. Dubow (PA Bar No. 41741)
Joanna J. Cline (PA Bar No. 83195)
Erica H. Dressler (PA Bar No. 319953)
Mia S. Marko (PA Bar No. 321078)
TROUTMAN PEPPER HAMILTON SANDERS LLP
3000 Two Logan Square
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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,	:	Case No.: 2:20-cv-05562-BMS
Plaintiffs,	:	Oral Argument Requested
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; :
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. :

DEFENDANTS ECKERT SEAMANS CHERIN & MELLOTT, LLC'S AND JOHN W. PAUCIULO'S MEMORANDUM OF LAW IN SUPPORT OF RENEWED MOTION TO DISMISS PLAINTIFFS' CLASS ACTION COMPLAINT

TABLE OF CONTENTS

Page

PRELIMINARY STATEMENT 1

FACTUAL BACKGROUND 2

ARGUMENT 4

I. THE CLAIMS SHOULD BE DISMISSED WITH PREJUDICE UNDER RULE 12 (b)(6). 4

A. Legal Standard. 4

B. Count I (Violation of 18 U.S.C. § 1962(c)) Should Be Dismissed. 5

1. The securities fraud exception bars the RICO Claim. 5

2. Plaintiffs have failed to allege the elements of a RICO claim. 8

a. *Plaintiffs do not plead a pattern of "racketeering activity."* 8

b. *Eckert and Pauciulo did not "conduct" an enterprise.* 12

c. *Plaintiffs fail to adequately allege proximate causation.* 13

C. Counts V and VII (Common Law Fraud/Fraudulent Inducement and Aiding and Abetting Fraud) Against Pauciulo and Eckert Fail to State a Claim. 13

1. Plaintiffs have failed to plead fraud with particularity. 14

2. There was no confidential or fiduciary relationship with Plaintiffs. 16

3. Pennsylvania Supreme Court has not recognized a claim for aiding and abetting fraud. 18

D. Count II (Negligent Misrepresentation) Fails. 19

E. Count IV (Civil Conspiracy) Fails. 20

F. Count VI (Unjust Enrichment) Fails. 21

G. Count VIII (Aiding & Abetting Breach of Fiduciary Duty) Fails. 22

H. Plaintiffs' Tort Claims (Counts II and V) Are Barred by the Economic Loss Doctrine and the Parol Evidence Rule. 233

CONCLUSION 24

TABLE OF AUTHORITIES

Page(s)

Cases

1726 Cherry St. P'ship by 1726 Cherry St. Corp. v. Bell Atl. Prop., Inc.,
653 A.2d 663 (Pa. Super. 1995)....................24

Aetna v. Insys Therapeutics, Inc.,
324 F. Supp. 3d 541 (E.D. Pa. 2018)....................23

Allegheny Gen. Hosp. v. Philip Morris, Inc.,
228 F.3d 429 (3d Cir. 2000)....................22

Amato v. KPMG LLP,
433 F. Supp. 2d 460 (M.D. Pa. 2006)....................18

Amos v. Franklin Fin. Servs. Corp.,
2011 U.S. Dist. LEXIS 134431 (M.D. Pa. Nov. 22, 2011)....................8

Anand v. Independence Blue Cross,
2021 U.S. Dist. LEXIS 138414 (E.D. Pa. July 23, 2021)....................10

Anza v. Ideal Steel Supply Corp.,
547 U.S. 451 (2006)....................13

Ashcroft v. Iqbal,
556 U.S. 662 (2009)....................4, 5

Azarchi-Steinhauser v. Protective Life Ins. Co.,
629 F. Supp. 2d 495 (E.D. Pa. 2009)....................20

Azur v. Chase Bank, USA, N.A.,
601 F.3d 212 (3d Cir. 2010)....................23

Bald Eagle Area Sch. Dist. v. Keystone Fin. Inc.,
189 F.3d 321 (3d Cir. 1999)....................6

Bartol v. Barrowclough,
251 F. Supp. 3d 855 (E.D. Pa. 2017)....................15

Bd. of Trs. of Teamsters Local 863 Pension Fund v. Foodtown, Inc.,
296 F.3d 164 (3d Cir. 2002)....................14

Bell Atl. Corp. v. Twombly,
550 U.S. 544 (2007)....................5

Berardine v. Weiner,
198 F. Supp. 3d 439 (E.D. Pa. 2016) 23

Berman v. Morgan Keegan & Co.,
2011 U.S. Dist. LEXIS 27867 (S.D.N.Y. Mar. 14, 2011) 19

Bongiorno v. Baquet,
2021 U.S. Dist. LEXIS 180038 (S.D.N.Y. Sept. 20, 2021) 7

Bouriez v. Carnegie Mellon Univ.,
585 F.3d 765 (3d Cir. 2009) 16

Boyanowski v. Cap. Area Intermediate Unit,
215 F.3d 396 (3d Cir. 2000) 21

Brown v. Johnson & Johnson,
64 F. Supp. 3d 717 (E.D. Pa. 2014) 20

In re Burlington Coat Factory Sec. Litig.,
114 F.3d 1410 (3d Cir. 1997) 5

City of Rome v. Glanton,
958 F. Supp. 1026 (E.D. Pa. 1997) 17

Daugherty v. Adams, et al.,
2019 U.S. Dist. LEXIS 200436 (W.D. Pa. Nov. 15, 2019) 13

Dille v. Geer,
2020 U.S. Dist. LEXIS 240860 (E.D. Pa. Dec. 22, 2020) 21

Duquesne Light Co. v. Westinghouse Elec. Corp.,
66 F.3d 604 (3d Cir. 1995) 17

In re Estate of Evasew,
584 A.2d 910 (Pa. 1990) 17

Gatz v. Ponsoldt,
297 F. Supp. 2d 719 (D. Del. 2003) 8

Germinaro v. Fid. Nat'l Title Ins. Co.,
737 Fed. Appx. 96 (3d Cir. 2018) 12

Gilmore v. Berg,
820 F. Supp. 179 (D.N.J. 1993) 13

Grande v. Starbucks Corp.,
2019 U.S. Dist. LEXIS 56292 (E.D. Pa. Apr. 2, 2019) 15

Grant v. Turner,
505 Fed. Appx. 107 (3d Cir. 2012) 8, 9

H.J. Inc. v. Northwestern Bell Tel. Co.,
492 U.S. 229 (1989) 8, 12

Hanover Ins. Co. v. Ryan,
619 F. Supp. 2d 127 (E.D. Pa. 2007) 19

Heffernan v. Hunter,
189 F.3d 405 (3d Cir. 1999) 21

Holmes v. Sec. Inv'r Prot. Corp.,
503 U.S. 258 (1992) 13

Hsieh v. Xu,
2015 U.S. Dist. LEXIS 195286 (C.D. Cal. May 22, 2015) 7

Huddleston v. Infertility Center of America, Inc.,
700 A.2d 453 (Pa. Super. 1997) 16

ITP, Inc. v. OCI Co., Ltd.,
865 F. Supp. 2d 672 (E.D. Pa. 2012) 23

In re: Jack Greenberg, Inc.,
240 B.R. 486 (Bankr. E.D. Pa. 1999) 18

Jackson v. Rohm & Haas Co.,
2007 U.S. Dist. LEXIS 67666 (E.D. Pa. Sept. 12, 2007) 10

Koken v. Steinberg,
825 A.2d 723 (Pa. Commw. Ct. 2003) 22

Levin v. Upper Makefield Twp.,
90 F. App'x 653 (3d Cir. 2004) 21

In re Lewis,
478 B.R. 645 (Bankr. E.D. Pa. 2012) 20

Ltd. v. Patriarch Partners, LLC,
286 F. Supp. 3d 634 (S.D.N.Y. 2017) 6

Lum v. Bank of America,
361 F.3d 217 (3d Cir. 2004) 8, 9

Marion v. Bryn Mawr Tr. Co.,
264 A.3d 336 (Pa. 2021) 18

McGary v. Williamsport Reg'l Med. Ctr.,
775 Fed. Appx. 723 (3d Cir. 2019) 20

Mills v. Polar Molecular Corp.,
12 F.3d 1170 (2d Cir. 1993) 10

MLSMK Inv. Co. v. JP Morgan Chase & Co.,
651 F.3d 268 (2d Cir. 2011) 8

Morin v. Trupin,
711 F. Supp. 97 (S.D.N.Y. 1989) 10

Nami v. Fauver,
82 F.3d 63 (3d Cir. 1996) 5

In re Passarelli Fam. Tr.,
206 A.3d 1188 (Pa. Super. 2019) 14

Paul S. Mullin & Assoc., Inc. v. Bassett,
632 F. Supp. 532 (D. Del. 1986) 10

Protica, Inc. v. iSatori Techs., LLC,
2012 U.S. Dist. LEXIS 45717 (E.D. Pa. Mar. 30, 2012) 17

Reis v. Barley, Snyder, Senft & Cohen LLC,
667 F. Supp. 2d 471 (E.D. Pa. 2009) 22

Reves v. Ernst & Young,
507 U.S. 170 (1993) 12

Richards v. Ameriprise Fin., Inc.,
152 A.3d 1027 (Pa. Super. 2016) 14, 16

Roundhill Condo. Assn. v. NVR, Inc.,
2019 U.S. Dist. LEXIS 121143 (E.D. Pa. July 22, 2019) 24

Royal Indem. Co. v. Pepper Hamilton LLP,
479 F. Supp. 2d 419 (D. Del. 2007) 8, 12

S. Kane & Son Profit Sharing Trust v. Marine Midland Bank,
1996 U.S. Dist. LEXIS 8023 (E.D. Pa. June 13, 1996) 18

Santiago v. Warminster Twp.,
629 F.3d 121 (3d Cir. 2010) 5

Schatzberg v. State Farm Mut. Auto. Ins. Co.,
877 F. Supp. 2d 232 (E.D. Pa. 2012) 5

Case 2:20-cv-05562-MBR Document 84 Filed 10/24/22 Page 14 of 47

Schmidt v. Ford Motor Co.,
972 F. Supp. 2d 712 (E.D. Pa. 2013) 19

SEC v. Zanford,
535 U.S. 813 (2002) 7

Sensoria, LLC v. Kaweske,
581 F. Supp. 3d 1243 (D. Colo. 2022) 6

Sheridan v. NGK Metals Corp.,
609 F.3d 239 (3d Cir. 2010) 5

SSC Manager, LLC v. Venezia FC 1907 LP,
2017 U.S. Dist. LEXIS 118294 (E.D. Pa. July 27, 2017) 19

Travelers Indem. Co. v. Cephalon, Inc.,
32 F. Supp. 3d 538 (E.D. Pa. 2014) 5

U.S. v. Bergrin,
650 F.3d 257 (3d Cir. 2011) 12

U.S. v. McGeehan,
584 F.3d 560 (3d Cir. 2009) 9

U.S. v. Pearlstein,
576 F.2d 531 (3d Cir. 1976) 10

U.S. v. Pelullo,
964 F.2d 193 (3d Cir. 1992) 12

Univ. of Md. v. Peat, Marwick, Main & Co.,
996 F.2d 1534 (3d Cir. 1993) 12

Watkins v. ITM Records,
2015 U.S. Dist. LEXIS 96610 (E.D. Pa. July 24, 2015) 15

Weisblatt v. Minn. Mut. Life Ins. Co.,
4 F. Supp. 2d 371 (E.D. Pa. 1998) 20

Werwinski v. Ford Motor Co.,
286 F.3d 661 (3d Cir. 2002) 23

WM High Yield Fund v. O'Hanlon,
2005 U.S. Dist. LEXIS 12064 (E.D. Pa. May 13, 2005) 18

Zafarana v. Pfizer, Inc.,
724 F. Supp. 2d 545 (E.D. Pa. 2010) 18

Case 22-5... Document 84 Filed 11/24/22 Page 15 of 47

Zanghi v. Ritella,
2021 U.S. Dist. LEXIS 183771 (S.D.N.Y. Sept. 24, 2021) 7

Zazzali v. Hirschler Fleischer, P.C.,
482 B.R. 495 (Bankr. D. Del. 2012) 6, 11, 12

Statutes

15 U.S.C. § 78j(b) 7

18 U.S.C. § 1343 9

18 U.S.C. § 1962(c) 1, 5, 8, 12

18 U.S.C. § 1964(c) 6, 8, 13

Private Securities Litigation Reform Act (PSLRA) 5, 6, 7, 8

Rules

Fed. R. Civ. P. 8(a)(2) 15

Fed. R. Civ. P. 9(b) 5, 9, 4, 19

Fed. R. Civ. P. 12 (b)(6) 4

PRELIMINARY STATEMENT

Despite the fact that Eckert Seamans Cherin & Mellott, LLC ("Eckert") and its former member John W. Pauciulo ("Pauciulo") only provided legal services to defendants in this action, Plaintiffs implausibly try to insert Eckert and Pauciulo into an enterprise that allegedly engaged in a pattern of racketeering. The baseless allegations against Eckert and Pauciulo fail to state a claim for relief under Section 1962(c) of the Racketeering Influenced and Corrupt Organizations Act ("RICO"). Moreover, even if the allegations could state a claim for relief under Section 1962(c), the Private Securities Litigation Reform Act ("PSLRA") would bar such a claim. The allegations also improperly group Eckert and Pauciulo with the other Defendants and fail to state a claim for relief under any state law cause of action.

Before this action was filed, the U.S. Securities and Exchange Commission ("SEC") asserted claims in an action filed in the U.S. District Court for the Southern District of Florida (the "SEC Action") based on an alleged scheme[1] 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"). Eckert and Pauciulo provided legal services to Vagnozzi and ABFP.

On August 13, 2020, the court in the SEC Action appointed a receiver for several entities

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[1] The Complaint's factual allegations are accepted as true solely for purposes of this Motion. Defendants Eckert and 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.

Case 2:22-cv-05562-MRP Document 84 Filed 10/24/22 Page 15 of 47

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 acknowledged this strategy in their Complaint. On January 15, 2021, Eckert and Pauciulo filed a Motion to Stay Proceedings, or in the Alternative, to Dismiss Plaintiffs' Class Action Complaint. ECF 54. The Court granted Eckert and Pauciulo's Motion to Stay and denied their Motion to Dismiss without prejudice on April 21, 2021. ECF 67. However, on September 8, 2022, the court in the SEC Action entered an order lifting the litigation stay in any case against Eckert and Pauciulo.

In light of the stay being lifted by the court in the SEC Action, Eckert and Pauciulo reassert their bases for dismissal of the claims asserted against them. Though Eckert and Pauciulo only provided legal services, 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. The Complaint as to Eckert and Pauciulo should be dismissed with prejudice.

<u>FACTUAL BACKGROUND</u>

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. *SEC v. Complete Business Solutions Group, Inc. et al.*, 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"). Compl. ¶ 123. On the same date, the court also entered a broad stay of all civil legal proceedings involving any of the Receivership Entities or any of the Receivership Entities' past or present officers, directors, managers, or agents.

On November 24, 2021, the court, upon the SEC's Unopposed Motion for a Judgment of

Permanent Injunction and Other Relief Against Defendant Dean J. Vagnozzi (ECF 1001), entered a Judgment of Permanent Injunction and Other Relief by the Consent of Dean J. Vagnozzi (ECF No. 1006). The judgment was subsequently amended. ECF 1160; ECF No. 1163. Vagnozzi was liable for a total amount of $5,092,031, which included disgorgement of $4,531,248 in net profits gained as a result of the conduct alleged in the SEC action complaint, as well as prejudgment interest and a civil penalty. Additionally, defendants LaForte, McElhone, and others settled with the SEC prior to trial. The court ultimately conducted a jury trial in the SEC Action against only one remaining defendant, Michael Furman.

C. Summary of Allegations Relating to Eckert and Pauciulo

Plaintiffs' allegations in this lawsuit are focused on legal services that Eckert and Pauciulo provided to Vagnozzi and 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. 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); *Sensoria, LLC v. Kaweske*, 581 F. Supp. 3d 1243, 1269 (D. Colo. 2022) (finding that the "PSLRA bar's broad scope" applied to plaintiffs' RICO claims because plaintiffs could have alleged violations of the securities laws on the same facts).

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.[2] 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. *Zanghi v. Ritella*, 2021 U.S. Dist. LEXIS 183771, *41 (S.D.N.Y. Sept. 24, 2021) (finding the PSLRA bar required the full dismissal of plaintiffs' civil RICO claims because the complaint alleged some predicate acts involving unregistered securities that would be actionable as securities fraud); *Bongiorno v. Baquet*, 2021 U.S. Dist. LEXIS 180038, *57 (S.D.N.Y. Sept. 20, 2021) (dismissing RICO claim as being barred by PSLRA because plaintiffs failed to allege any facts to rebut the presumption that the promissory notes underlying the RICO claim were securities); *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)).

Moreover, the majority of courts view the securities fraud exception as broad enough to apply even where a plaintiff could not have brought a securities fraud claim against a defendant. *See, e.g., MLSMK Inv. Co. v. JP Morgan Chase & Co.*, 651 F.3d 268, 278 (2d Cir. 2011)

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[2] *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").

(holding that "the PSLRA bars civil RICO claims alleging predicate acts of securities fraud even where a plaintiff cannot itself pursue a securities fraud action against the defendant" and affirming dismissal of RICO claim against banks that allegedly aided and abetted breach of fiduciary duty). This interpretation has also been applied by courts in the Third Circuit. *See Amos v. Franklin Fin. Servs. Corp.*, 2011 U.S. Dist. LEXIS 134431, *14-15 (M.D. Pa. Nov. 22, 2011) ("We agree with Defendants, and the cases cited, that Defendants need not show that the plaintiffs in this action have an actionable securities-fraud claim as long as Defendants show that the conduct upon which Plaintiffs base their RICO claims is actionable as a securities fraud claim."); *Gatz v. Ponsoldt*, 297 F. Supp. 2d 719, 730 (D. Del. 2003) (RICO bar applies "regardless of whether a particular plaintiff has standing to bring a civil action under § 10b or Rule 10b-5"). 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. 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. In fact, Plaintiffs do not plead any specific acts of alleged mail or wire fraud as to Eckert or Pauciulo. Rather, Plaintiffs' allegations appear to solely focus on Vagnozzi's alleged acts of mail and wire fraud. *See, e.g.*, Compl. ¶ 296 ("As alleged herein, Defendant Vagnozzi and ABFP promote the sale of ABFP Merchant Cash Advance Investments (as well as life settlement, litigation funding, and real estate investments) through AM radio advertising, which direct potential investors to contact non-party ABFP using a toll-free telephone number, as well as communications through the internet, email, U.S. mail and other interstate delivery services, and wire transfers . . ."). Additionally, the Complaint's allegations entirely fail to meet the heightened standard for

pleading allegations of predicate mail and wire fraud acts. *See Anand v. Independence Blue Cross*, 2021 U.S. Dist. LEXIS 138414, *32-33 (E.D. Pa. July 23, 2021) (explaining that because RICO predicate acts are fraud-based, "allegations of predicate mail and wire fraud acts should state the contents of the communications, who was involved, where and when they took place, and explain why they were fraudulent") (citing *Mills v. Polar Molecular Corp.*, 12 F.3d 1170, 1176 (2d Cir. 1993)).

Third, Plaintiffs have failed to allege with specificity how Eckert or Pauciulo attempted to deceive them through a scheme to defraud. "The 'scheme to defraud' element of the offense of mail fraud . . . is not defined according to any technical standards . . . but [it] must involve some sort of fraudulent misrepresentations or omissions reasonably calculated to deceive persons of ordinary prudence and comprehension." *Jackson v. Rohm & Haas Co.*, 2007 U.S. Dist. LEXIS 67666, *11-12 (E.D. Pa. Sept. 12, 2007) (quoting *U.S. v. Pearlstein*, 576 F.2d 531, 535 (3d Cir. 1976)). However, though the Complaint's allegations focus on other Defendants' scheme to defraud, such as Vagnozzi's dissemination of allegedly false and misleading advertisements, the allegations do not sufficiently allege any scheme to defraud on the part of Eckert and Pauciulo.

Fourth, "although 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. And, here, Plaintiffs fail to plead facts to suggest that Pauciulo knew that information being provided was false and misleading.

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.

Fifth, 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.'"[3] *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

[3] "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 *U.S. v. Pelullo*, 964 F.2d 193, 208 (3d Cir. 1992)).

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 (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. Schuykill 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, were investment contracts subject to regulation as securities." Compl. ¶ 187; se*e id.* ¶ 33b ("Plaintiffs [were] fraudulently induced by Defendants, including Vagnozzi, Pauciulo and Eckert. . .").[4] 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 Five 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

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[4] These general allegations of fraudulent inducement by Defendants, including Pauciulo and Eckert, are repeated throughout the Complaint. *See* Compl. ¶¶ 34 through 88.

Case 2:20-cv-05562-MBR Document 84 Filed 11/24/22 Page 31 of 47

"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 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, were purporting to provide legal advice to unrepresented individuals concerning their six-figure investments…").[5] Plaintiffs have thus failed to demonstrate a confidential or fiduciary

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[5] 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

relationship with Eckert and Pauciulo that could form the basis of a fraud claim.

3. Pennsylvania Supreme Court has not recognized a claim for aiding and abetting fraud.

Count Seven fails as a matter of law. The Pennsylvania Supreme Court has not recognized a claim for aiding and abetting fraud,[6] and many Pennsylvania federal courts have dismissed claims on this basis, declining to expand Pennsylvania law to include such claims. *See Amato v. KPMG LLP*, 433 F. Supp. 2d 460, 473 (M.D. Pa. 2006), *order vacated in part on reconsideration on other grounds*, No. 06CV39, 2006 U.S. Dist. LEXIS 57091 (M.D. Pa. Aug. 14, 2006); *see also Zafarana v. Pfizer, Inc.*, 724 F. Supp. 2d 545, 560 (E.D. Pa. 2010) (declining to recognize cause of action); *WM High Yield Fund v. O'Hanlon*, 2005 U.S. Dist. LEXIS 12064 at *50 (E.D. Pa. May 13, 2005) ("[T]his Court follows the lead of the majority of other courts in this district, in declining to expand Pennsylvania law, and holds that the Pennsylvania Supreme Court would not permit such an action."); *S. Kane & Son Profit Sharing Trust v. Marine Midland Bank*, 1996 U.S. Dist. LEXIS 8023 at *30 (E.D. Pa. June 13, 1996) ("Count VIII alleges a claim for aiding and abetting liability. Pennsylvania has not adopted this cause of action"); *In re: Jack Greenberg, Inc.*, 240 B.R. 486, 523-24 (Bankr. E.D. Pa. 1999) (Defendant "contends that Pennsylvania does not recognize an action for aiding and abetting fraud. Decisions from the district court support this contention."). 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.,*

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more, would not create an attorney-client relationship between Pauciulo and any investor as it made clear Pauciulo was Vagnozzi's attorney.

[6] The issue of whether Pennsylvania recognizes a cause of action for aiding and abetting is currently before the Pennsylvania Supreme Court. *See Marion v. Bryn Mawr Tr. Co.*, 264 A.3d 336, 336 (Pa. 2021).

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.

Exhibit A at p. i.[7] 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 dismiss the Complaint against Eckert and Pauciulo in its entirety with prejudice.

Dated: October 24, 2022

Respectfully submitted,

/s/ Jay A. Dubow
Jay A. Dubow (PA Bar No. 41741)
Joanna J. Cline (PA Bar No. 83195)
Erica H. Dressler (PA Bar No. 319953)
Mia S. Marko (PA Bar No. 321078)
TROUTMAN PEPPER HAMILTON SANDERS LLP
3000 Two Logan Square
18th & Arch Streets
Philadelphia, PA 19103
Telephone: (215) 981-4713

[7] A true and correct copy of excerpted pages from the PPM is attached as Exhibit A to the Declaration of Jay A. Dubow, Esquire, which is filed simultaneously herewith.

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Case 2:20-cv-05562-MBR Document 84 Filed 10/24/22 Page 1 of 47

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. PAUCIULO; :
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 Renewed Motion to Dismiss Plaintiffs' Class Action Complaint (the "Motion"). For the convenience of the Court, a copy of the document referenced in Defendants' Memorandum of Law in Support of their Motion is attached hereto as follows:

a. Attached hereto as Exhibit A 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: October 24, 2022

/s/ Jay A. Dubow
Jay A. Dubow

EXHIBIT A

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

COPYRIGHT ABFP INCOME FUND 3, LLC. 2019. ALL RIGHTS RESERVED. REPRODUCTION IS STRICTLY PROHIBITED.

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.

CERTIFICATE OF SERVICE

The undersigned certifies that on October 24, 2022, true and correct copies of Defendants Eckert Seamans Cherin & Mellott, LLC's and John W. Pauciulo's Renewed Motion to Dismiss Plaintiffs' Class Action Complaint, the Memorandum of Law in Support of the Renewed Motion to Dismiss, and the Declaration of Jay A. Dubow, Esquire, were 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 DISTRICT OF DELAWARE

JOSEPH and JOAN CAPUTO, on behalf of themselves and all others similarly situated,

Plaintiffs,

vs.

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.

CASE NO.:

JURY TRIAL DEMANDED

CLASS ACTION COMPLAINT

Plaintiffs Joseph Caputo and Joan Caputo ("Plaintiffs") bring this Complaint individually and on behalf of all others similarly situated, against 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; ABFP Income Fund 7 Parallel LLC (collectively the "Defendants")[1] and allege as follows upon personal knowledge as to themselves and their own acts and experience, and, as to all other matters, upon information and belief, including investigation conducted by their attorneys.

PRELIMINARY STATEMENT

1. Plaintiffs bring this action pursuant to the federal Racketeer Influenced and Corruption Organizations Act, 18 U.S.C. §§ 1961-68 ("RICO"), and state law claims for negligent misrepresentation, breach of fiduciary duties, conspiracy, fraud, unjust enrichment, aiding and abetting fraud, and aiding and abetting breach of fiduciary duties, to recover millions of dollars' worth of investments by individuals who were fraudulently induced by Defendants to use their hard-earned savings to purchase unsecured securities backed by risky merchant cash advance loans to small businesses.

2. Defendants Dean J. Vagnozzi ("Vagnozzi"), ABetterFinancialPlan.com LLC d/b/a/ A Better Financial Plan ("ABFP"), John W. Pauciulo, and Eckert Seamans Cherin & Mellott, LLC ("Eckert Seamans"), through the numerous pass-through shell companies that are dominated and controlled by Vagnozzi (and are named as Defendants herein), have conspired to advertise, market and sell ABFP merchant cash advance investments, which are unregistered

[1] Pursuant to one or more orders entered by the U.S. District Court for the Southern District of Florida in the case styled *Securities and Exchange Commission v. Complete Business Solutions Group, Inc., et al.*, Case Nos. 9:20-cv-81205 and 1:20-cv-23071, litigation against certain of Defendants named herein may be stayed. To the extent a stay has been entered by any court of competent jurisdiction, 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 for Plaintiffs' and the proposed Class' claims against any such individuals or entities.

securities, as a purportedly safer and more profitable alternative to registered securities like stock and bonds.

3. Vagnozzi is well known in the Greater Philadelphia region for his ubiquitous AM radio advertisements promoting ABFP. However, Vagnozzi's radio advertisements never mention that in May 2019, he agreed to pay a state-record $490,000 to settle charges by the Pennsylvania Department of Banking and Securities that he was selling securities without a license. At the time, Dulcey Antonucci, spokesman for the Pennsylvania Department of Banking and Securities and Secretary Robin L. Wiessmann, reported: "This is the largest settlement with an individual in department history."[2] The investments that the Pennsylvania Bureau of Securities Compliance and Examinations charged Vagnozzi for selling through ABFP without proper registration consist of high-interest notes issued by a Philadelphia-based small-business lending company, Complete Business Solutions Group, Inc. d/b/a Par Funding ("Par Funding.")[3]

4. Vagnozzi and ABFP also fail to disclose to prospective investors the fact that in February 2020, the Texas Securities Board issued an Emergency Cease-And-Desist Order against ABFP for fraud violations in connection with its offer and sale of ABFP merchant cash advance investments.

5. Nor do Vagnozzi's ABFP radio ads and other marketing to potential investors disclose the nearly $500,000 settlement he entered into with the SEC on July 14, 2020, "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

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[2] Joseph N. DiStefano, "Record Pa. fines against broker Vagnozzi, Philly's Par Funding," Philadelphia Inquirer (July 27, 2019), https://www.inquirer.com/business/par-funding-20190727.html
[3] *Id*.

connection with the sale of securities…."[4] These penalties arose from Vagnozzi's and ABFP's promotion and sales of millions of dollars of illegal unregistered investment funds, named Pillar 1 through 8, comprised of ownership interests in life settlement contracts during the period from April 2013 through August 2017. In addition, from May 2018 through September 2018, Vagnozzi (through ABFP) acted as an unregistered broker and earned transaction-based compensation by raising funds for a separate entity, Fallcatcher, Inc., without being associated with a registered broker-dealer in violation of Section 15(a) of the Exchange Act.[5] Vagnozzi's and ABFP's prior violations of state and federal securities laws are unrelated to the SEC action filed on July 24, 2020.

6. Non-party Par Funding offers fast money to small-business owners like truckers or restaurateurs at rates as high as 400% interest. They get around lending regulations by claiming they are not making loans, but instead are buying the revenue a business will generate in the future at a discount. According to a Bloomberg News article, this "new industry is in some ways a reincarnation of the loan-sharking rackets of a bygone era. Cash-advance companies use a legal document called a confession of judgment to stack the deck against borrowers, just as payday lenders did a century ago. Small-business lending was once infiltrated by the mob. Today it's again a magnet for crooks, including some with alleged ties to organized crime."[6] The boss at Par Funding goes by the alias "Joe Mack," but his real name is Joseph LaForte. "LaForte founded Par [Funding] with his wife [Lisa McElhone] in 2011, after serving more than two years

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[4] *See* Order Instituting Administrative and Cease-And-Desist Proceedings Pursuant to Section 8A of the Securities Act Of 1933, Sections 15(b) and 21C of the Securities Exchange Act of 1934, Making Findings, And Imposing Remedial Sanctions and a Cease-And-Desist Order (SEC).

[5] *Id*.

[6] Zachary R. Mider and Zeke Faux, "Fall Behind on These Loans? You Might Get a Visit From Gino," Bloomberg News, December 20, 2018, https://www.bloomberg.com/graphics/2018-confessions-of-judgment-visit-from-gino/

in prison for stealing $14 million in a real estate scam and running an illegal gambling operation."[7]

7. According to a Complaint filed in the U.S. District Court for the Southern District of Florida by the U.S. Securities and Exchange Commission on July 24, 2020[8] (the "SEC Complaint"), Par Funding, LaForte and McElhone "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."[9] "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."[10]

8. In September 2018, Par Funding falsely claimed that it had terminated its agreements with its unregistered sales agents. In truth, Par Funding found a new way to fuel its loans by using so-called "Agent Funds" that were created for the purpose of selling their own promissory notes to the investing public through unregistered securities offerings. Par Funding compensates the Agent Funds by issuing Par Funding promissory notes to the Agent Funds offering higher rates of return than the rates that Agent Funds are obligated to pay investors under the Agent Funds' notes.[11]

9. Vagnozzi, through his alter ego company ABFP, recruits individuals to create the Agent Funds, offering them the opportunity to open a "turnkey" Agent Fund that issues and sells

[7] *Id.*
[8] The case is *SEC v. Complete Business Solutions Group, Inc., et al.*, No. 1:20-cv-23071 (S.D. Fla. July 24, 2020) (the "SEC Action").
[9] *See* SEC Complaint.
[10] *Id.*
[11] *Id.*

securities, complete with training, marketing materials, and an "Agent Guide," as well as a Private Placement Memorandum, corporate registration, and offering materials created by Vagnozzi's attorney John W. Pauciulo ("Pauciulo"), who is a Partner of the firm Eckert Seamans Cherin & Mellott, LLC ("Eckert Seamans"). Vagnozzi manages the Agent Funds through his company ABFP Management Company, LLC, and his associate, Perry S. Abbonizio, who oversees and coordinates the Agent Funds. Vagnozzi operates, among other entities, ABFP Income Fund, LLC and ABFP Income Fund 2, L.P., which issue, offer, and sell unregistered securities in the form of purported promissory notes and limited partnership interests to investors.[12]

10. In order to carry out their fraudulent scheme, Defendants created and disseminated false and misleading radio advertisements and engaged in deceptive in-person solicitations in order to persuade individuals, including retirees on others on fixed incomes, to purchase merchant cash investments pursuant to false and misleading Private Placement Memoranda and Subscription Agreements with a series of Delaware limited liability companies that were formed, promoted and syndicated by Defendants.

11. Defendant Vagnozzi falsely represented to the investing public that the ABFP merchant cash advance investments are safer than anything available on Wall Street, claiming:

> I make ZERO guarantees. Never have. But the 4 investments we have offer higher returns with ***less risk than anything you can find on wall-street*** and without using annuities. It is that simple…. We have a few investments that traditionally require a lot of capital to get involved with…which is why you won't find them at Vanguard….or any other traditional cookie cutter advisor.[13]

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[12] *Id*.
[13] Post by Defendant Vanozzi on "White Coat Investor," on April 8, 2019, https://www.whitecoatinvestor.com/forum/personal-finance-and-budgeting/4957-has-anyone-experience-with-dean-vagnozzi-039-s-financial-plan/page5

Emphasis added, grammatical errors in original. Defendant Pauciulo, in his capacity as a Partner of Eckert Seamans and as longtime counsel to Vagnozzi and ABFP, has attended ABFP investment seminars and participated in investor conference calls and other communications with ABFP investors, and thus, would have been aware of this and similar statements concerning risks and expected returns of the ABFP investments, however, given the persistence of such advertisements, it is apparent that Pauciulo and Eckert Seamans took no steps to correct, clarify or repudiate such statements.

12. Vagnozzi has made countless similar statements concerning the purported low-risk and relative safety of investments in ABFP notes through radio advertisements, investing seminars with free steak dinners, and even in interviews with reporters. For instance, Vagnozzi's radio ads for ABFP merchant cash investments state: "Every single one of those investors earns a 10 percent annual return with their interest check deposited into their bank account on the same day every month and all of their principal is return to them after just one year."[14] It is likely that Defendants Pauciulo and Eckert Seamans, as longtime counsel to Vagnozzi and ABFP, and Paucilo's attendance at ABFP investment seminars and participation in investor conference calls and other communications with ABFP investors, would have been aware of this and many other advertisements for ABFP's investment offerings, however, given the persistence of such advertisements, it is apparent that Pauciulo and Eckert Seamans took no steps to correct, clarify or repudiate such statements.

13. Defendant Vagnozzi would not have been unable to carry out his fraudulent scheme without the advice and assistance of long-time co-conspirators Pauciulo and Eckert Seamans, who have advised Vagnozzi and the ABFP entities for more than 15 years. Pauciulo

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[14] Joseph N. DiStefano, "Record Pa. fines against broker Vagnozzi, Philly's Par Funding," Philadelphia Inquirer (July 27, 2019), https://www.inquirer.com/business/par-funding-20190727.html

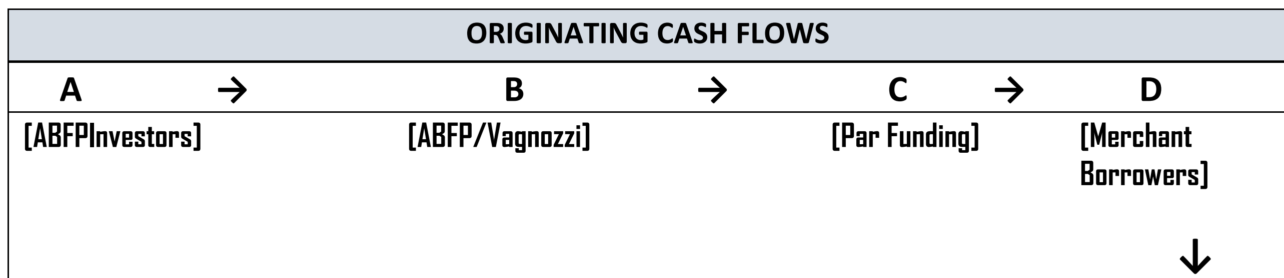
and Eckert Seamans have given Vagnozzi and ABFP the veneer of trustworthiness, low risk, and financial stability by creating, preparing and disseminating sophisticated Private Placement Memoranda for the ABFP investments, the Subscription Agreements signed by Plaintiffs and the Class, and the underlying promissory notes.

14. In ABFP's advertising, seminars, and other public forums, Vagnozzi relentlessly touts his long-time affiliation with Eckert Seamans, and the firm's key role in creating the ABFP investments, which lends credibility to these high risk, unregistered investment vehicles, stating:

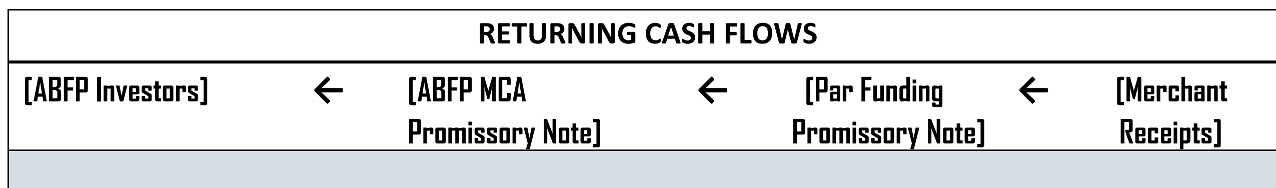
> ***We worked with one of Philadelphia's largest law-firms*** to put an infrastructure together to allow like minded investors the opportunity to pool their money to take advantage of these ***proven investments that have historically delivered much better returns with a lot less risk***. Simple. Traditional advisors are restricted by a broker dealer telling them what they can offer their clients. I am not restricted. I am NOT a stock broker.[15]

Emphasis added, grammatical errors in original. For his part, Defendant Pauciulo, in his capacity as a Partner at Eckert Seamans, has publicly admitted to his role in creating the ABFP investments, Private Placement Memoranda, and Subscription Agreements. However, these trappings of financial establishment are nothing more than a sham. In reality, the underlying merchant cash advance agreements were the lowest grade paper imaginable.

15. The financial structure of the unsecured and unregistered ABFP merchant cash advance Investments is illustrated in the following diagram:



[15] Post by Defendant Vanozzi on "White Coat Investor," on April 8, 2019, https://www.whitecoatinvestor.com/forum/personal-finance-and-budgeting/4957-has-anyone-experience-with-dean-vagnozzi-039-s-financial-plan/page5



RETURNING CASH FLOWS						
[ABFP Investors]	←	[ABFP MCA Promissory Note]	←	[Par Funding Promissory Note]	←	[Merchant Receipts]

16. Defendants' scam began to unravel when the Coronavirus shutdown began in March 2020, and the Merchants (D in the diagram, above) stopped generating revenue and defaulted on their Merchant Cash Advance Agreements. This cut off the cash flow to Par Funding (C in the diagram), which in turn, caused Par Funding (C in the diagram) to default on promissory notes to ABFP (B in the diagram), and like falling dominos, caused ABFP to stop making monthly interest payments to investors like Plaintiffs and the Class (A in the diagram).

17. By March 2020, Par Funding's merchant cash advance business was in a freefall, with thousands of small businesses defaulting on their loans. In response, Par Funding has filed thousands of confessions of judgment against the merchant borrowers in a largely futile attempt to recoup its merchant cash loans. Par Funding's confession of judgment filings typically force these small businesses to seek bankruptcy protection, rendering Par Funding's merchant cash advance loans uncollectible.

18. Panic among ABFP investors ensued when the interest payments stopped in March 2020. Vagnozzi released a video to ABFP investors in March 2020, falsely assuring that they had nothing to worry about and that he would receive money from Par Funding to make reduced monthly interest payments. Then, in late March 2020, Vagnozzi admitted to these same investors that Par Funding was insolvent, but he was trying to restructure ABFP's deal with Par Funding. By the end of April 2020, Vagnozzi had succeeded in fraudulently inducing numerous investors to enter into a so-called Exchange Notes Offering pursuant to a restructuring of ABFP's agreements with Par Funding – despite Par Funding's known illiquidity. Under the

Exchange Notes Offering ABFP Merchant Cash Advance investors would receive 4% interest payments, instead of the promised 10% interest, and the repayment of principal would be delayed from the promised 1-year term to 7 years. This deal is an unmitigated disaster for ABFP investors, who include elderly persons and others on fixed incomes.

19. While ABFP investors have been left out in the cold, Defendant Vagnozzi has profited handsomely from his sales of ABFP investments and as an agent raising funds for Par Funding. According to Defendant Pauciulo of Eckert Seamans, Vagnozzi-related sales were "by far the largest" of Par's agents in Pennsylvania, Arizona, Delaware, Florida, New Jersey, Texas and Virginia, who were listed in Par's SEC filing earlier this year.[16] The filing says the agents, including Vagnozzi, were paid a total of $3.6 million in "finder's fees" for locating buyers of securities for Par Funding. However, Defendant Pauciulo says Vagnozzi's share of those fees are just "a fraction of what he has made" from the sale of other investments.[17]

JURISDICTION AND VENUE

20. This Court has subject-matter jurisdiction over this dispute pursuant to 28 U.S.C. § 1331 based on Plaintiffs' claims for violations of the Racketeer Influenced and Corruption Organizations Act, 18 U.S.C. §§ 1961-68. The Court has subject-matter jurisdiction over Plaintiffs' state-law claims because they are so related to Plaintiffs' federal claims that they form part of the same case or controversy under Article III of the United States Constitution.

21. Venue is proper in this District pursuant to 28 U.S.C. § 139l(b)(2) because a substantial part of the events or omissions giving rise to this action occurred here. In addition, Plaintiffs' original Subscription Agreement with ABFP contains a forum selection provision providing for disputes to be adjudicated in this District.

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[16] Joseph N. DiStefano, "Record Pa. fines against broker Vagnozzi, Philly's Par Funding," Philadelphia Inquirer (July 27, 2019), https://www.inquirer.com/business/par-funding-20190727.html
[17] *Id.*

22. Each Defendant is subject to the personal jurisdiction of this Court because each Defendant has voluntarily subjected itself/himself/herself to the jurisdiction of this Court; regularly transacts business within this District, and/or has purposefully availed himself of the jurisdiction of this Court for the specific transactions at issue.

PARTIES

Plaintiffs

23. Plaintiff Joseph Caputo, an adult individual who is a resident and domiciliary of the Commonwealth of Pennsylvania and who maintains his principal residence in Warminster, Bucks County, through a Subscription Agreement purchased securities in the form of limited partner interests in ABFP Income Fund 2, L.P.

24. Plaintiff Joan Caputo, an adult individual who is a resident and domiciliary of the Commonwealth of Pennsylvania and who maintains her principal residence in Warminster, Bucks County, through a Subscription Agreement purchased securities in the form of limited partner interests in ABFP Income Fund 2, L.P.

Defendants

25. Defendant Dean J. Vagnozzi ("Vagnozzi") is an adult individual who has a background as an insurance agent but is better known for doing business through the entity ABetterFinancialPlan.com d/b/a A Better Financial Plan, which Vagnozzi owns, controls, and/or exercises dominion over making it his corporate alter ego. Vagnozzi maintains his principal place of business at 234 Mall Boulevard, Suite 270, King of Prussia, PA 19406.

26. Defendant Eckert Seamans Cherin & Mellott, LLC ("Eckert Seamans") is a national law firm with approximately 350 attorneys, that maintains offices in 15 cities, including Wilmington, Delaware.

27. Defendant John W. Pauciulo ("Pauciulo") is a Partner in the law firm of Eckert Seamans Cherin & Mellott, LLC, who maintains his professional office at 50 South 16th St., 22nd Floor, Philadelphia, PA 19102.

28. Defendant abetterfinancialplan.com LLC d/b/a A Better Financial Plan ("ABFP") is a Pennsylvania limited liability company formed by Defendant Vagnozzi on November 12, 2010, which is engaged in the business of marketing, selling, and issuing unregistered securities. ABFP maintains its principal place of business at 114 Ithan Lane, Collegeville, PA 19426. Vagnozzi owns and manages ABFP, and he claims it is his corporate alter ego. On information and belief, Defendant Pauciulo drafted all documents pertaining to the formation of this entity.

29. Defendant ABFP Management Company, LLC ("ABFP Management"), formed on March 11, 2010, is a limited liability company organized and existing under the laws of Delaware, with a principal place of business located at 234 Mall Boulevard, Suite 270, King of Prussia, PA 19406. ABFP Management is wholly owned by Vagnozzi, and is engaged in the business of 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 Par Funding Agent Funds in exchange for a portion of the investment returns. On information and belief, Defendant Pauciulo drafted all documents pertaining to the formation of this entity.

30. Defendant ABFP Income Fund, LLC, a Delaware limited liability company formed on January 12, 2018, is engaged in the business of issuing unregistered merchant cash advance investments, and maintains its principal place of business at 234 Mall Boulevard, Suite 270, King of Prussia, PA 19406. Defendant Vagnozzi serves as promoter and seller of unregistered securities offered through this entity and Defendants Pauciulo and Eckert Seamans

drafted all documents pertaining to the formation of this entity and the offering of merchant cash advance investments through this entity. According to documents filed with the SEC and the ABFP Income Fund, LLC Subscription Agreements, the minimum investment accepted from an outside investor is $75,000. According to the SEC Complaint, beginning no later than February 2, 2019, Vagnozzi, through ABFP Income Fund, LLC raised at least $22 million for Par Funding through the offer and sale of unregistered merchant cash investments to at least 99 investors.

31. Defendant ABFP Income Fund 2, L.P., is a Delaware limited liability partnership formed in July 2018, that maintains its principal place of business at 234 Mall Boulevard, Suite 270, King of Prussia, PA 19406. Vagnozzi, through ABFP Management, formed ABFP Income Fund 2 for the purpose of raising investor money to pool and invest in the unregistered partnership interests that are invested in Par Funding merchant cash advance loans. Vagnozzi serves as promoter and seller of unregistered securities offered by this entity and Defendants Pauciulo and Eckert Seamans drafted all documents pertaining to the formation of this entity and the offering of unregistered merchant cash advance investments. According to documents filed with the SEC and the ABFP Income Fund 2, L.P. Subscription Agreements, the minimum investment accepted from an outside investor is $75,000. According to the SEC Complaint, 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.

32. Defendant ABFP Income Fund 3, LLC, a Delaware limited liability company formed in January 2019, is engaged in the business of issuing unregistered securities backed by merchant cash advance notes, that maintains its principal place of business at 234 Mall Boulevard, Suite 270, King of Prussia, PA 19406. Defendant Vagnozzi serves as promoter and

seller of unregistered securities offered through this entity. Defendants Pauciulo and Eckert Seamans drafted all documents pertaining to the formation of this entity and the offering of unregistered merchant cash advance investments issued by this entity, including Private Placement Memoranda and Subscription Agreements. According to documents filed with the SEC and the Subscription Agreements, the minimum investment accepted from an outside investor is $50,000.

33. Defendant ABFP Income Fund 4, LLC, a Delaware Limited-Liability Company formed on April 8, 2019, is engaged in the business of issuing unregistered debt securities, and maintains its principal place of business at 234 Mall Boulevard, Suite 270, King of Prussia, PA 19406. Defendant Vagnozzi serves as promoter and seller of securities issued by this entity and Defendants Pauciulo and Eckert Seamans drafted all documents pertaining to the formation of this entity and the offering of unregistered merchant cash advance investments issued by this entity, including Private Placement Memoranda and Subscription Agreements. According to documents filed with the SEC and the subscription agreements, the minimum investment accepted from an outside investor is $50,000.

34. Defendant ABFP Income Fund 5, LLC, a Delaware limited liability company formed on August 7, 2019, is engaged in the business of issuing unregistered securities backed by merchant cash advance loans, and maintains its principal place of business at 234 Mall Boulevard, Suite 270, King of Prussia, PA 19406. Defendant Vagnozzi serves as promoter and seller of securities offered by this entity and Defendants Pauciulo and Eckert Seamans drafted all documents pertaining to the formation of this entity and the offering of unregistered merchant cash advance investments issued by this entity, including Private Placement Memoranda and Subscription Agreements.

35. ABFP Income Fund 6 LLC, a Delaware limited liability company formed on November 4, 2019, is engaged in the business of issuing unregistered securities backed by merchant cash advance notes, and maintains its principal place of business at 234 Mall Boulevard, Suite 270, King of Prussia, PA 19406. Defendant Vagnozzi serves as Promoter of securities offered by this entity and Defendants Pauciulo and Eckert Seamans drafted all documents pertaining to the formation of this entity and the offering and sales of unregistered merchant cash advance investments issued by this entity, including Private Placement Memoranda and Subscription Agreements.

36. ABFP Income Fund 7 LLC is a Delaware limited liability company formed on February 25, 2019, that is engaged in the business of issuing unregistered merchant cash advance investments, and maintains its principal place of business at 234 Mall Boulevard, Suite 270, King of Prussia, PA 19406. Defendant Vagnozzi serves as Promoter of securities offered by this entity and Defendants Pauciulo and Eckert Seamans drafted all documents pertaining to the formation of this entity and the offering and sale of merchant cash advance investments issued by this entity, including Private Placement Memoranda and Subscription Agreements.

37. Defendants 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 are Delaware limited liability companies that were formed by Defendants Vagnozzi, Pauciulo and Eckert Seamans on or about April 22, 2020, for the purpose of restructuring ABFP's unregistered merchant cash advance investments.

38. At all times relevant to this action, Vagnozzi owned, controlled, and/or exercised dominion over each of the ABFP entities named herein including, without limitation, ABFP,

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, (collectively the "ABFP Defendants") which he has operated from the ABFP offices located at 234 Mall Boulevard, Suite 270, King of Prussia, PA 19406, making these companies his de facto corporate alter egos.

39. Defendant Vagnozzi's control over each of the ABFP entities named herein included, without limitation, control over each entity's brokerage and bank accounts, signatory authority over all contractual agreements entered into or on behalf of such entities, and every other aspect of these businesses.

FACTS

The Unsecured ABFP Merchant Cash Advance Investments

40. ABFP sells unregistered securities to individuals who invest their hard-earned retirement savings in unregistered securities that are backed by merchant cash advance loans to small businesses that lack sufficient creditworthiness to obtain conventional business loans and lines of credit from banks.

41. Individual mom and pop investors typically learn about Defendant Vagnozzi's A Better Financial Plan through his ubiquitous advertisements that aired on KYW News Radio 1060 and Talk Radio 1210 WPHT (at least until Vagnozzi and ABFP were sued by the SEC on July 24, 2020), in which Vagnozzi claims: "Every single one of [his] investors earns a 10% annual return, with their interest check deposited into their bank account on the same day every

month, and all of their principal is returned to them after just one year."[18] Vagnozzi also promoted ABFP on Facebook and other social media platforms. Although these ads do not explain the actual nature of the investments Vagnozzi and ABFP offer, he claims that A Better Financial Plan is a "recession proof investment."[19] The economic events since March 2020 have proven this statement to be false.

42. During his investing seminars, which are really just in-person infomercials for ABFP's investment products, Vagnozzi represents that the ABFP merchant cash investments provide 10% monthly interest payments and a 100% return of principal after one year (*i.e.*, when the underlying Merchant Cash Advance loans comes due).

43. Vagnozzi also promotes his investing schemes through a book he self-published in 2016, titled: "A Better Financial Plan: Significantly Improve Your Finances Without the Help of Wall Street."

44. Vagnozzi's ads routinely tout the assistance of his attorneys and co-conspirators, Defendants Pauciulo and Eckert Seamans, who approve his ad copy. During these ads, Vagnozzi falsely claims that ABFP is safer than conventional investments:

> After sixteen years of testing creative investment strategies, A Better Financial Plan, LLC now boasts five unconventional investment offerings in five different industries ***that offer lower risk than investing in Wall Street*** with a much more predictable upside. None of them are available through traditional brokerage firms. ***The firm provides safe investments*** that deliver outstanding returns and fixed future payouts ***by sidestepping the volatility of the stock market***, unimpressive returns offered by indexed annuities, and unreliable prices of gold and silver. ***These investment opportunities*** are backed by two of the largest international companies in the world and ***were created with the help of one of the nation's largest law firms***.[20]

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[18] DiStefano, Philadelphia Inquirer, *KOP firm's ad offers a '10% annual return.' Is that legit?* (Aug. 6, 2019), https://www.inquirer.com/business/vagnozzi-better-financial-plan-investor-risk-20190806.html
[19] *Id*.
[20] Vagnozzi paid press release, "Dean Vagnozzi Offers Successful 401(k)-Alternative Retirement Planning Strategies for Savvy Investors," (Mar. 9, 2020), https://apnews.com/930402a35432e59d92bfc3239372dc03

Emphasis added Defendant Pauciulo, in his capacity as a Partner of Eckert Seamans and as longtime counsel to Vagnozzi and ABFP, has attended ABFP investment seminars, and participated in conference calls and other communications with ABFP investors, and thus, was aware of each of Defendant Vagnozzi's statements but took no steps to correct, clarify or repudiate such statements.

45. Additional examples of Defendant Vagnozzi's materially false and misleading radio advertisements[21] include the following:

> **Advertisement A.**
> Dean Vagnozzi, president of A Better Financial Plan. And without ever leaving your house, we can introduce you to two alternative investments that were put together ***with the help of one of Philadelphia's largest law firms***. They are the ***perfect combination of safety and high yields*** and they absolutely need to be a piece of your portfolio today. ***They have fixed future pay outs***, they don't change value every day like the stock market, and they are not annuities. ***One investment pays a 10 percent return with interest paid quarterly*** and ***all of your original investment is returned after just two years***. ***The other investment has a 14 percent targeted return*** and is backed by some of the largest most financially secure companies in the world. These two investments are better than anything in your portfolio, anything. You can invest with cash or IRA dollars with no taxes or penalties, so grab your cell phone and listen to a free recorded message for more information. Call 855 999 1346. That's 855 999 1346. Call now.

Emphasis added. In order to falsely convey trustworthiness and financial stability, Defendant Vagnozzi touts ABFP's intimate working relationship with Defendant Eckert Seamans, which is involved in every offering of ABFP securities, then Defendant Vagnozzi claims that ABFP's investments have a promised payout of 10 percent and 14 percent, depending upon which alternative asset investment is selected.

46. **Advertisement B.**

> Dean Vagnozzi of A Better Financial Plan and we're excited to tell you about a new investment for our credit investors that's going to be big, really big. ***This***

[21] Radio advertisements A-G were recorded from on-air broadcasts on KYW 1060 and WPHT 1210, and transcribed by a certified court reporter.

> ***investment was put together with one of Philadelphia's largest law firms. It will pay you a 10 percent rate of return with your interest paid to you monthly and 100 percent of your principal is returned to you after just one year***. And here is the best part***: It's insured. Yep. It's insured. What that means is in the slim event we don't pay you, one of the largest insurance companies in the world will.*** There's no catch. This investment is that good. So get ready to dump that lousy annuity you bought from the other guy and ***kiss the market's volatility goodbye*** and come get your hands on what we feel is the best investment in the existence. Join the financial movement that we're creating in this city. Grab your cell phone and listen to a free recorded message to learn more. Calm 855 999 1346. That's 855 999 1346. Call now.

Emphasis added. In order to falsely convey trustworthiness and financial stability, Defendant Vagnozzi's radio ad touts ABFP's intimate working relationship with Defendant Eckert Seamans, which is involved in every offering of ABFP securities, then Vagnozzi claims that ABFP's investments have a promised payout of 10 percent, and he falsely represents that the entire principal investment is insured. Finally, Vagnozzi falsely represents that ABFP's investments are immune to trends and volatility of the financial markets, which is untrue, as demonstrated by the failure of the ABFP investments when the market crashed in March 2020.

47. **<u>Advertisement C.</u>**

> Dean Vagnozzi, president of A Better Financial Plan, and without ever leaving your house we can introduce you to ***four alternative investments that were put together with the help of one of Philadelphia's largest law firms***. ***They are secure, they deliver 10 to 14 percent annual returns, they have fixed future pay outs, they have absolutely nothing to do with Wall Street*** and they are not annuities. We can introduce you to over 1,000 clients that have invested over $200 million with us the past few years and they can vouch for everything I just said and not one of them lost a penny in any of our investments during this crisis. ***And the best thing is, we can safely deliver 10 to 14 percent annual returns for you, too***. You can invest with cash or IRA dollars with no taxes or penalties. So grab your cell phone and listen to a free recorded message for more information. Call 855 371 1346. That's 855 371 1346. Call now.

Emphasis added. In order to falsely convey trustworthiness and financial stability, Defendant Vagnozzi's radio ad touts ABFP's intimate working relationship with Defendant Eckert Seamans, which is involved in every offering of ABFP securities. Vagnozzi also claims that the

ABFP investments are "secure" and that they will payout 10 percent to 14 percent annually—a guarantee he reiterates at the end of the commercial when he claims "we can safely deliver 10 to 14 percent annual returns for you, too." Defendant Vagnozzi also claims that the ABFP investments are immune to economic trends and volatility of the financial markets, which is untrue, as demonstrated by the failure of the ABFP investments when the stock market crashed in March 2020.

48. **Advertisement D.**

> Dean Vagnozzi, president of A Better Financial Plan. Do you realize that just 3 percent of the public is financially independent? Just 3 percent. Do you think any of them got rich by putting money into a 401(k) or IRA? Of course not. They're financial vehicles for the masses. Think about it. Why would you put money every week into a financial vehicle that's locked up for 20 to 30 years, provides limited investment choices and defers your taxes until a time in the future when everyone thinks taxes will be higher? ***That's what a 401(k) or an IRA does and it makes zero financial sense.*** You can do better. A lot better. Let me show you how I save my money every week. It's liquid, it's tax free, it's safe, and this past year I earned 21 percent and it's not an annuity. Grab your cell phone and listen to a free recorded message for more information. Call 855 999 1346. That's 855 999 1346. Call now.

Emphasis added. This advertisement irresponsibly advises prospective investors that they would be better off financially if they entrust their hard-earned savings to Vagnozzi and ABFP's high risk investments rather than contributing pre-tax dollars to their 401(k) or IRA accounts and investing in conventional mutual funds, despite the tax advantages and relative safety of such accounts.

49. **Advertisement E.**

> This is the commercial that your financial advisor doesn't want you to hear. And the same thing goes for the guy that sold you that annuity after you went to one of his free dinner seminars. Dean Vagnozzi, president of A Better Financial Plan, and if you're a credit investor than listen up. ***We worked with one of Philadelphia's largest law firms to put together an investment that will pay you a 10 percent return with an interest check sent to you monthly and 100 percent of your principal will be returned to you after just one year***. And this best part is

> this investment is fully insured. ***That's right, it's insured***. That means in the slim event my company doesn't pay you back your money, one of the largest insurance companies in the world will. This investment is better than anything in your portfolio. Anything. Grab your cell phone and listen to a free recorded message to learn more. Call 855 999 1346. That's 855 999 1346. Call now.

Emphasis added. Defendant Vagnozzi emphasizes again ABFP's intimate working relationship with Defendant Eckert Seamans, which is involved in every offering of ABFP securities, in a bid to make himself sound trustworthy and to make the high risk ABFP investments sound like a safe investment, which he promises "will pay" investors "a 10 percent return" and repayment of 100 percent of principal after one year. Although Vagnozzi does not identify the particular investment vehicle to which he is referring in this radio ad, the payment terms described above are identical to the terms of the ABFP merchant cash advance investments purchased by Plaintiffs and the members of the Class. Additionally, the advertisement above claims falsely that "this investment is fully insured." Contrary to this assertion, no investor in ABFP merchant cash investments have been provided a copy of any policy of insurance covering their investment. In actuality, there is no insurance that provides meaningful coverage for investors in ABFP investments, and their principal remains 100 percent at-risk from the time of purchase until the time of redemption.

50. **Advertisement F.**

> Dean Vagnozzi, President of A Better Financial Plan. And if you're somebody that's looking for your investments to generate a monthly income, then listen up. The absolute last thing that you want to buy today is an index annuity. Sure, your money is safe from loss but it's locked up from seven to ten years, you have limited access to your money along the way, and the returns are pathetic. In fact, you will be lucky to earn 3 percent over ten years. And if you do take income from those annuities, you are simultaneously eating up your principal. You can do better. Much better. ***We work with one of Philadelphia's largest law firms to put together an investment that's designed to beat the pants off any annuity you can find.*** In fact, we're calling it the anti annuity. ***You'll receive between 8 to 12 percent returns that are paid out monthly with 100 percent of your principal***

> ***returned in one year.*** Grab your cell phone and listen to a free recorded message for more information. Call 855 999 1346. That's 855 999 1346. Call now.

Emphasis added. Defendant Vagnozzi emphasizes again ABFP's intimate working relationship with Defendant Eckert Seamans, which is involved in every aspect of ABFP's operations, in a bid to make himself sound trustworthy and to make the high risk ABFP investments sound like a safe investment, which he promises "will pay" investors "a 10 percent return" and repayment of 100 percent of principal after one year. Although Vagnozzi does not identify the particular investment vehicle to which he is referring in this radio ad, the payment terms described above are identical to the terms of the ABFP merchant cash advance investments that were purchased by Plaintiffs and the members of the Class.

51. **Advertisement G.**

> Dean Vagnozzi, president of A Better Financial Plan, and I hope you and your family stay safe during these trying times. I obviously can't protect you from this virus, but I can with absolute certainty introduce you to ***two alternative investments that are delivering 10 percent returns or better and they've not been impacted by the Corona virus or the stock market whatsoever and they are not annuities***. You can learn about these investments without ever leaving your home. One investment pays a 10 percent annual return with your interest paid quarterly and your principal investment is returned after two years. The other investment has a 13 percent targeted return and is backed by some of the most financially secure companies in the world. Invest with cash or IRA dollars. These investments are awesome. Grab your cell phone and listen to a free recorded message for more information. Call 855 999 1346. That's 855 999 1346. Call now.

Emphasis added. The advertisement quoted above is Defendant Vagnozzi's latest pitch, and it is notable for now offering only two alternative investments rather than the four alternative investments he offered before the stock market crash in March 2020. This is because Defendants are now unable to offer ABFP merchant cash advance investments because the merchant cash advance market collapsed at the same time as other financial markets in early 2020. This about

face on merchant cash advance investments belies Defendants' false and misleading statements that such investments were recession proof and immune to market forces.

52. Defendants used radio advertisements, like the ones quoted above, to entice individuals to call ABFP's toll free number and arrange to attend an ABFP investing seminar—which is little more than in-person informercials featuring Defendant Vagnozzi and his associates—or to come to ABFP's offices in King of Prussia, Pennsylvania or Marlton, New Jersey for an in-person meeting with Vignozzi and his staff.

53. The SEC Complaint describes an ABFP dinner seminar on November 21, 2019, where Vagnozzi and ABFP hosted more than 300 investors and solicited them to invest in Par Funding through Vagnozzi's ABFP funds. According to the SEC Complaint:

> 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.
>
> 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.
>
> 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."
>
> 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%. Abbonizio also told the audience to focus on the default rate because that is the most important part of the investment.
>
> Abbonizio then introduced LaForte, to whom he referred as the President.
>
> LaForte told the audience that Par Funding is probably the most profitable cash advance company in the United States and maybe in the world.

> LaForte also told the audience that he started the company about eight years ago with $500,000 of his own capital.
>
> LaForte then introduced Cole, ***who touted the financial health of Par Funding***.
>
> 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.

SEC Complaint, at paras. 95-104 (emphasis added).

54. Vagnozzi's and the ABFP Defendants' representations to investors at the November 21, 2019 dinner were typical of the well-rehearsed sales pitch that Vagnozzi and his business associates have made to thousands of potential investors at numerous similar events and in-person investor meetings at ABFP's offices.

55. Vagnozzi and the ABFP Defendants lied to investors at the November 21, 2019 dinner and at numerous similar events, at in-person investor meetings at ABFP's offices, and in ABFP advertisements, in order to conceal material adverse facts concerning Par Funding, ABFP, and Vagnozzi, including: (i) the high risk nature of Par Funding's lending practices; (ii) the true default rates of Par Funding's merchant cash advance loans, which were far greater than the 1% - 2% default rate claimed by Defendants; (iii) the extremely high risk of investing in unregistered ABFP securities backed by Par Funding's merchant cash advance loans; (iv) LaForte's criminal record and de facto control of Par Funding; (v) the three Cease-and-Desist Orders state securities regulators entered against Par Funding for violating state securities laws; (vi) the true result of the New Jersey Division of Securities' investigation of Par Funding; (vii) the fact that Par Funding was diverting investor funds to LaForte's wife, McElhone, and to L.M.E. 2017 Family Trust, which is McElhone's family trust; (viii) the SEC Cease-and-Desist Order and sanctions issued against Vagnozzi for violating state securities laws in connection with the Par Funding offering; (ix) a Cease-and-Desist Order and sanctions issued against ABFP for violating state

securities laws in connection with the Par Funding offering; and (x) a Cease-and-Desist Order and sanctions issued against Vagnozzi associate Abbonizio for violating state securities laws in connection with the Par Funding offering.

56. After attending these in-person sales seminars, Plaintiffs and the members of the Class purchased securities backed by unsecured merchant cash advance loans that are issued by a series of ABFP Funds pursuant to Private Placement Memoranda, Subscription Agreements and related offering documents created by Defendants Pauciulo and Eckert Seamans, and offered by ABFP, Vagnozzi, and his associates.

57. The ABFP Funds' Private Placement Memoranda reflect that the ABFP Funds either sell unregistered securities, 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 they sell investors purported interests in a limited partnership for $5,000 per single interest.

58. The ABFP Private Placement Memoranda state that investor funds will be used to invest in promissory notes with unidentified merchant cash advance companies.

59. Investors purchase ABFP merchant cash advance investments either through transfers of funds directly to one of the ABFP entities or through a self-directed IRA account at a Pennsylvania-based IRA administrator company, CamaPlan, in which Vagnozzi instructs investors to open an account, and investors contribute funds and receive their investment funds through this IRA account.

60. During seminars, radio commercials, and in other communications, Defendants Vagnozzi and ABFP falsely represent that the entire principal investment is insured. However, Vagnozzi has steadfastly refused to show any applicable policies of insurance to ABFP investors, and he has falsely represented that he is not permitted to disclose such policies to investors. The

truth is that there is no policy of insurance that provides any meaningful coverage for investors in ABFP investments, and thus, their principal remains 100 percent at-risk from the time of purchase until the time of redemption.

61. Vagnozzi's and ABFP's false and misleading statements and material omissions, which were facilitated by Pauciulo and Eckert Seamans, had the desired result – separating investors from their hard-earned savings through the sales of ABFP merchant cash advance investments. For example, Vagnozzi boasted to the Philadelphia Inquirer that in 2019 he was selling $1.5 million worth of ABFP merchant cash advance investments each week.[22]

62. According to the SEC Complaint, by March 2020 Vagnozzi claimed 600 investors had invested in Par Funding through him. Through investments 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.

63. Vagnozzi has admitted in emails with investors that he would receive a commission or so-called finder's fee from Par Funding for every dollar he raised for them. ABFP takes substantial commissions up-front then transmits the remaining funds to Par Funding. Par Funding then loans the funds to small merchant borrowers pursuant to a Merchant Cash Advance Agreement, which are small loans to businesses that lack credit worthiness and bear usurious interest rates that are as high as 400%. Owners of the business must personally guarantee these loans.

64. Vagnozzi also sells Par Funding merchant cash investments through a network of more than 40 Agent Funds, which he manages through ABFP Management in exchange for 25%

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[22] DiStefano, Philadelphia Inquirer, KOP firm's ad offers a '10% annual return.' Is that legit? (Aug. 6, 2019), https://www.inquirer.com/business/vagnozzi-better-financial-plan-investor-risk-20190806.html

of the Agent Funds' profits.[23] Vagnozzi is instrumental in recruiting people to start Agent Funds. Vagnozzi purports to instruct these people how they can serve as "finders" rather than unregistered broker-dealers so that they would not get into trouble. 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, Pauciulo, who will then set up a fund, get the corporate paperwork filed, draft a Private Placement Memorandum for the fund, and get a tax identification number. 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.[24]

Unbeknownst to Investors in Risky ABFP Merchant Cash Advance Investments, Their Money Is Placed in the Hands of a Convicted Fraudster

65. The underlying merchant cash advances are entered into between small businesses and non-party Complete Business Solutions Group, Inc. d/b/a Par Funding, which is currently a defendant in a RICO action, *Fleetwood Serives v. Complete Business Solutions Inc d/b/a Par Funding & Joseph LaForte*, Dkt. No. 18-cv-268 (E.D. Pa.), which preys upon small, financially distressed businesses throughout the United States and fraudulently induce them into cash advances pursuant to so-called future account receivable purchase agreements or merchant case advance agreements.

66. Par Funding deceives the small businesses into believing the merchant cash advance agreements do not constitute a loan transaction so that they do not trigger the criminal usury laws of various states. When small businesses cannot meet their obligations under these agreements, Par Funding offers new advances under even more unconscionable terms. Par

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[23] *See* SEC Complaint at 71-78.
[24] *Id.*

Funding aggressively pursue the small businesses and their owners for repayment of the amounts due under the agreements, often employing threatening, deceptive and illegal collection tactics.

67. Par Funding, like other companies engaged in merchant cash advance schemes, tries to avoid being regulated as lender because they purport to purchase a small business's future revenue. As a result, Par Funding claims that its lending activities are not regulated by any government agency or self-regulating entity like FINRA, and their fees, penalties and interest rates are not subject to any regulatory oversight. This is false.

68. As Bloomberg News has reported, the merchant cash advance industry in which the Defendants operate is "essentially payday lending for businesses. It's a high-risk market, and interest rates can exceed 500 percent a year, or 50 to 100 times higher than a bank's [rates]." The industry has increasingly come under national scrutiny for its devastating impact upon small businesses. In June of 2017, Congressman Emanuel Cleaver, II launched an investigation of small business financial technology ("FinTech"). He expressed concern that "some FinTech lenders may be trapping small business owners in cycles of debt..."

69. The National Consumer Law Center came to the same conclusion: "Merchant cash advances operate very similarly to payday loans and have similar problems. A lump sum of cash is taken out as an advance on a borrower's future sales. The merchant then pays back this balance in addition to an expensive premium through automatic deductions from the merchant's daily credit card or debit card sales or from its bank account."

70. As reported by CNN, "[m]any business owners take out new advances in order to pay off outstanding balances on previous advances, plunging them into a cycle of debt."

71. Small businesses who fall behind on their loans may receive a personal visit from Par Funding's debt collectors. According to a December 20, 2018 Bloomberg article, "Fall

Behind on These Loans? You Might Get a Visit From Gino," Par Funding and LaForte have employed the services of a convicted felon named Renato "Gino" Gioe, who for six years traveled the country collecting debts for Par Funding. According to the Bloomberg article:

> Ten of Gioe's unannounced visits to borrowers, from Chicago to small-town Alabama, were described in court papers and interviews with Bloomberg News. He made "threats of violence and physical harm" to employees of a California rehab center, according to one court complaint. A tire-shop owner near Boston said in another court filing he "felt that physical harm would come to me and my family" when Gioe walked into his shop in 2016 demanding immediate payment.
>
> A third borrower, recounting Gioe's visit to his Maryland trucking company last year, described him in an affidavit as resembling "an aging but still formidable character ripped from the World Wrestling Federation" who had been sent not to negotiate but to "intimidate me into making a lump-sum payment."

Defendants Failed to Disclose the True Risks of the ABFP Merchant Cash Notes

72. Defendants, as promoters, syndicators, underwriters, issuers and sellers of ABFP merchant cash investments, and as Fiduciaries had a duty to truthfully and completely disclose to Plaintiffs and the Class all information that would be material to the purchase of the ABFP merchant cash advance investments, including the risks inherent in such investments, but Defendants failed to provide such disclosures.

73. All of the misrepresentations and omissions set forth herein, individually and in the aggregate, are material. There is a substantial likelihood that a reasonable investor would consider the misrepresented facts and omitted information regarding how their money would be invested, how the investments performed, the value of those investments, the liquidity (or lack thereof) of those investments, and the ability to repay those investments important, and/or that disclosure of the omitted facts or accurate information would alter the "total mix" of information available to investors.

74. In connection with the conduct described herein, Defendants acted knowingly and/or recklessly. Among other things, Defendants knew or were reckless in not knowing that they were making material misrepresentations and omitting material facts in connection with selling or offering of ABFP merchant cash advance investments.

75. The ABFP merchant cash advance investments sold by Vignozzi, and the ABFP Defendants named herein, are invested indirectly in merchant cash advances provided to small businesses by Par Funding. The riskiness of these notes, which are the sole source of income behind ABFP's investments, cannot be overstated. This is because the merchant cash advances are unsecured and are provided to small businesses that lack the creditworthiness to get conventional bank loans. Moreover, the merchant cash advances are extended to these small businesses without any documentation or underwriting to determine the risk of repayment/default by these merchants.

76. FINRA states that alternative asset investments, like those sold by ABFP, are in fact riskier than conventional investments:

> These products are sometimes referred to as structured products or non-conventional investments. ***They tend to be both more complex—and more risky—than traditional investments***, and often tempt investors with special features and higher returns than offered by basic investments.[25]

Emphasis added.

77. FINRA points out that these alternative investments, particularly structured notes with principal protection, are only as sound as the creditworthiness of the issuer of the note, and that investors can lose their entire principal even in situations where (as here) the issuer of the note does not go bankrupt:

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[25] FINRA, *Alternative and Complex Products*, https://www.finra.org/investors/learn-to-invest/types-investments/alternative-and-complex-products

> The retail market for structured notes with principal protection has been growing in recent years. While these products often have reassuring names that include some variant of "principal protection," "capital guarantee," "absolute return," "minimum return" or similar terms, they are not risk-free. ***Any promise to repay some or all of the money you invest will depend on the creditworthiness of the issuer of the note—meaning you could lose all of your money if the issuer of your note goes bankrupt***. Also, some of these products have conditions to the protection or offer only partial protection, ***so you could lose principal even if the issuer does not go bankrupt***. And you typically will receive principal protection from the issuer only if you hold your note until maturity.[26]

Emphasis added.

78. FINRA warns that these types of alternative investments are highly illiquid, so if an investor needs to access all or even a portion of their principal before the note's maturity date, in most cases they would be unable to do so:

> ***If you need to cash out your note before maturity, you should be aware that this might not be possible*** if no secondary market to sell your note exists and the issuer refuses to redeem it. Even where a secondary market exists, the note may be quite illiquid and you could receive substantially less than your purchase price.[27]

Emphasis added.

79. In the case of ABFP, the risks of the investment in alternative asset-backed securities identified by FINRA are magnified by the small businesses that lack creditworthiness and are forced to seek funding, at usurious rates, from Par Funding merchant cash advances – a company that is run by a convicted felon and fraudster, Joseph LaForte.[28]

80. In addition to the material investment risks identified above, Defendants failed to disclose many other risks for purchasers of ABFP merchant cash investments, including the following:

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[26] FINRA, Structured Notes With Principal Protection: Note the Terms of Your Investment, https://www.finra.org/investors/alerts/structured-notes-principal-protection-note-terms-your-investment

[27] *Id*.

[28] Zachary R. Mider and Zeke Faux, "Fall Behind on These Loans? You Might Get a Visit From Gino," Bloomberg News, December 20, 2018, https://www.bloomberg.com/graphics/2018-confessions-of-judgment-visit-from-gino/

a. Alternatives Risks — Alternative investments like the ABFP merchant cash investments, tend to use leverage, which can serve to magnify potential losses. Additionally, they can be subject to increased illiquidity, volatility and counterparty risks, among other risks.

b. Below Investment Grade Risks — Lower-rated securities, like the ABFP merchant cash investments which have *no rating*, have a significantly greater risk of default in payments of interest and/or principal than the risk of default for investment-grade securities. The secondary market for lower-rated securities is typically much less liquid than the market for investment-grade securities, frequently with significantly more volatile prices and larger spreads between bid and asked price in trading. In the case of the ABFP merchant cash investments, there is no secondary market and no liquidity—the ABFP merchant cash investments are unmarketable.

c. Capital Risk — Investment markets are subject to economic, regulatory, market sentiment, and political risks, which may cause an investment to become worth less than at the time of the original investment. Here, contrary to Defendants' false representations that these investments "offer lower risk than investing in Wall Street" and that they would be "sidestepping the volatility of the stock market," the ABFP merchant cash investments were susceptible to the same general economic, market and political risks of any conventional investment in stock or bonds—indeed these risks were greater because the small merchants who needed the merchant cash advances to stay afloat were far more likely to go under when the economy headed into a recession than well-established public companies. Defendants falsely minimized such risks when they sold investments to Plaintiffs and the Class.

d. Credit Risk — The value of fixed income security may decline, or the issuer or guarantor of that security may fail to pay interest or principal when due, as a result of adverse changes to the issuer's or guarantor's financial status and/or business. In general, lower-rated securities carry a greater degree of credit risk than higher-rated securities. Here, the underlying merchant cash advances were provided by Par Funding to small businesses that lacked sufficient creditworthiness to obtain any kind of bank financing and instead, were forced to pay usurious interest rates to obtain small infusions of cash to keep their businesses afloat, and thus, were incredibly bad credit risks.

e. Issuer-Specific Risk — A security issued by a particular issuer may be impacted by factors that are unique to that issuer and thus may cause that security's return to differ from that of the market. In the case of the ABFP merchant cash investments, the issuer is subject to numerous unique and extreme risks that differ greatly from the market for conventional investments like stocks issued by public companies and investment grade fixed income securities. Indeed, ABFP is the alter ego of Defendant Vagnozzi, who is an unlicensed, uninsured, and unregulated pitchman, who has operated an investment scheme through a series of shell companies, including the ABFP entities named as Defendants herein, and has enlisted the assistance of Pauciulo and other attorneys at Eckert Seamans, who have aided and abetted Vagnozzi and ABFP in creating the facade of a reputable enterprise in order to separate individuals from their hard-earned savings.

f. Liquidity Risk — Investments with low liquidity can have significant changes in market value, and there is no guarantee that these securities could be sold at fair value. There is no secondary market for the ABFP merchant cash investments, and

they are completely illiquid, which posses a huge risk for investors who may want to move their money into safer investment vehicles or need cash.

g. Manager Risk — Investment performance depends on the portfolio management team and the team's investment strategies. If the investment strategies do not perform as expected, if opportunities to implement those strategies do not arise, or if the team does not implement its investment strategies successfully, an investment portfolio may underperform or suffer significant losses. In the case of ABFP merchant cash investments, the management team is headed by promoter and salesman Vagnozzi, who, in May 2019, paid a record fine of nearly $500,000 for selling securities without a license.[29] On July 14, 2020, Vagnozzi was fined another $500,000 when the SEC instituted settled administrative proceedings against him for 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.

h. Moreover, Vagnozzi and ABFP have just one investment strategy with respect to the ABFP merchant cash investments, which depended entirely upon the ability of the merchant cash borrowers to repay their cash advances—there is no backup plan.

81. Each of the undisclosed risks described above would have been material to Plaintiffs and the Class in deciding whether to purchase ABFP merchant cash investments, and Defendants' failure to truthfully and completely disclose the material risks of investing in ABFP

[29] Joseph N. DiStefano, "Record Pa. fines against broker Vagnozzi, Philly's Par Funding," Philadelphia Inquirer (July 27, 2019), https://www.inquirer.com/business/par-funding-20190727.html

merchant cash investments caused or contributed to the economic losses sustained by Plaintiffs and the Class.

82. In addition to the foregoing, in order to further their fraudulent and deceptive scheme, according to the SEC Complaint, Defendants concealed from investors the truth about Par Funding's business and its affiliates, including: (i) the fact that there is no meaningful underwriting of the merchant cash advance loans to determine whether the borrowers have the ability to repay their loans; (ii) Par Funding often approved loans in less than 48 hours, without conducting an on-site inspection of the business; (iii) Par Funding would fund loans without obtaining information showing the business' profit margins, debt schedules, accounts receivable, or expenses; (iii) Vagnozzi and his associates make false claims to prospective investors that Par Funding has a 1% - 2% default rate, when in reality, Par Funding's loan default rate is as high as 10%; (iv) by August 2019, Par Funding had filed more than 800 lawsuits against small businesses for defaulted Loans seeking more than $100 million; (v) by November 2019, Par Funding had filed more than 1,000 lawsuits seeking more than $145 million in missed payments; (vi) by January 2020, Par Funding had filed more than 1,200 lawsuits seeking $150 million in delinquent payments; (vii) Defendants represented to investors that Par Funding borrowers have insurance to cover defaults, but in truth Par Funding did not offer small businesses insurance on their loans; (viii) that LaForte is a twice-convicted felon and prior to founding Par Funding and that he was imprisoned and ordered to pay $14.1 million in restitution for grand larceny and money laundering; and (ix) Par Funding's history of regulatory violations and fines, including; (a) the $499,000 penalty from Pennsylvania Securities Regulators in November 2018; (b) the New Jersey Bureau of Securities' Cease-and-Desist Order against Par Funding based on its offer and sale of unregistered securities in December 2018; and (c) 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, in February 2020.

The Truth Begins to Emerge

83. On March 12, 2020, Vagnozzi forwarded to investors a message he received from Par Funding, in which Par Funding claimed that Coronavirus will have "no long term effects to [Par Funding's] projected growth and revenue," and that "There has been no noticeable effect to our client payments or default rates."[30]

84. On March 16, 2020, Vagnozzi emailed a video to investors, which he has since taken down. However, in the email Vagnozzi summarized the video's message that their investments were safe:

> Many companies in the MCA space have indeed stopped advancing money. Why? Because many of these MCA companies are backed by institutional funds and the people that run these institutions DO NOT understand the MCA business like PAR does! The fact that so many of their competitors have ceased advancing, and because ***Par Funding is in such strong financial shape with significant cash on the balance sheet and retained earnings*** (as you will hear about), they can cherry pick the best opportunities...and there are a lot of them on the street.
>
> ***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.

(Emphasis added). The statements in the above-quoted email were false—Par Funding was already on the brink of financial ruin.

85. On March 26, 2020, Vagnozzi, emailed investors a message from Par Funding concerning the purported financial impact the COVID-19 pandemic had on Par Funding's revenues, in which Par Funding revealed: "Over the past several months, Par Funding, like many other companies across the globe, has been severely impacted by the Coronavirus pandemic,"

[30] SEC Complaint at para. 124-25.

and that "virtually all of [Par Funding's Loan borrowers] have called seeking a moratorium on payments and other restructured payment terms."[31]

86. Vagnozzi added his own message to the March 26 email, stating: "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." In this same email message Vagnozzi goes on to discourage investors from filing a lawsuit against Par Funding and tells investors his attorneys, Defendants Pauciulo and Eckert Seamans, were working to restructure the investments so payments to investors can resume.

87. In an April 17, 2020 email addressed to "MCA Investors," Defendant Vagnozzi revealed that "PAR Funding appears to be insolvent." Vagnozzi advised Plaintiffs and the Class that only the alternatives were that "Par either declares bankruptcy…or they rebuild." But Vagnozzi claimed that "***Par wants to rebuild***." (Emphasis in original).

88. Vagnozzi then proposed a restructuring of the ABFP MCA notes: "**So, here is the plan that Par Funding is offering…** You, the investor, will earn 4% interest over a period of 7 years. The principal your [*sic*] receive back, in addition to the 4% interest will increase after the 1st year." (Emphasis in original). Vagnozzi claimed that "this is Par's final offer," and that "[t]hese payout terms are not negotiable."

89. As part of his high-pressure tactics, Vagnozzi advised investors that they needed to accept the proposal by April 21, 2020 – *i.e.*, a mere four (4) days later. This cramped timeframe made it virtually impossible for investors to seek out legal advice concerning their rights under the circumstances, let alone undertake an investigation to determine the veracity of Hobson's choice presented by Vagnozzi. Vagnozzi further implored: "**I STRONGLY advise**

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[31] SEC Complaint at para. 126.

you to take this deal. The consequences if you do not, I feel are FARWORSE than taking a 4% interest rate for 7 years." (Emphasis in original).

90. Finally, Vagnozzi passed on to Plaintiffs and the Class the dubious advice of his own attorneys, Defendants Pauciulo and Eckert Seamans, in an attempt to persuade ABFP investors that they would be better off not filing suit and agreeing to the proposed restructuring with a company that he admitted to be illiquid—Par Funding. Specifically, Vagnozzi stated:

> 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 in Philadelphia:
>
> ***While we expect that all investors will elect to modify the terms of their notes, those who do not will be left with limited options. If all investors do not elect to modify their notes, a new fund will be established which will issue the new notes with the modified terms. The existing fund will remain but its sole assets will be notes issued by PAR with the modified terms (4% interest with principal paid out over 7 years). The existing fund will pay out those amounts it receives from PAR. Investors who do not elect to modify their notes will have to choose whether to accept those payments or file suit against the existing fund and attempt to collect the difference between the amounts they are owed under the existing notes and the 4% payout. Any such lawsuit is likely to take one to two years, at a minimum, and cost tens of thousands of dollars in legal fees.***

(Emphasis in original).

91. Besides the fact that Defendants, including Pauciulo and Eckert Seamans, were purporting to provide legal advice to unrepresented individuals concerning their six-figure investments, and despite glaring conflicts of interest, the statements attributed to Pauciulo and Eckert Seamans were materially false and misleading for numerous reasons, including the fact that ABFP investors would not be limited to filing "suit against the existing fund" only, nor would bringing suit cost investors "tens of thousands of dollars in legal fees."

92. Also in mid-April 2020, Defendants released a video created on about April 18, 2020, to Plaintiffs and the Class in which Defendant Pauciulo stated that he had been working

with Vagnozzi since 2003 or 2004, that they had created approximately 25 private placement memoranda for investments sold by Vagnozzi and ABFP, including numerous alternative asset investment offerings – indeed, Defendant Pauciulo has been a key player in every ABFP alternative asset investment offering.

93. During the April 18 video, Defendants admit that the ABFP income fund LLCs are nothing more than shell companies, and Defendant Pauciulo stated that if investors sue ABFP, the only assets of ABFP income funds are the notes with Par Funding, and thus, he recommended that investors not sue because they would only recover what Par Funding ultimately agrees to pay.

94. Also during the April 18 video, Defendants Vagnozzi and Pauciulo acknowledged that they had received requests from investors to review Par Funding's financial statements so that they could determine whether they would be able to recoup their investments. Defendants refused this request, claiming that it would be harmful to disclose the financial statements of a private company like Par Funding. However, Defendant Pauciulo stated that he was given an opportunity to review Par Funding's financial statements pursuant to a Non-Disclosure Agreement, and he admitted that "we know the kind of companies they expend cash advances to…"

95. Defendant Pauciulo then stated that he personally received confidential financial information from Par Funding so that he could advise Defendant Vagnozzi and ABFP on the notes that ABFP had entered into with Par Funding. Contrary to the terms of the NDA, Defendant Vagnozzi disclosed that Par Funding was now "insolvent," and that its revenue was now 1/10th of what it was before pandemic. But, in order to falsely assure Plaintiffs and the Class about the likelihood of recouping their principal, Vagnozzi claimed that "confidence is

extremely high that their business is going to be resurrected…," and that the merchant cash industry would be poised for growth after the Coronavirus pandemic. Defendant Pauciulo agreed with and ratified Vagnozzi's baseless assessment of Par Funding's prospects.

96. In this same video message to investors, Defendant Pauciulo 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. As noted in the SEC Complaint, 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 Defendant Pauciulo's purported lien from being first in line.

97. On April 26, 2020, Vagnozzi, through ABFP, emailed investors another video of Vagnozzi and Pauciulo discussing the Exchange Offering, in which Pauciulo recommended that Plaintiffs and the Class accept the Exchange Offering, and Pauciulo walked the investors through the offering documents, page by page, reminding investors to review the disclosures and risks in the Exchange Offering materials. However, Pauciulo skipped the section of the Exchange Offering documents that contain broad releases of claims as to many of the Defendants named herein, including Vagnozzi and each of the ABFP entities, as well as a waiver of the right to a jury trial and a waiver of the right to bring claims as a Class Action.

98. The Exchange Offering materials and Private Placement Memoranda include a risk section that purports to disclose 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."

99. While ABFP disclosed lawsuits small businesses might file, Defendants failed to disclose 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. 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 Funding's regulatory history, and Par Funding's management, and that this litigation was continuing at the time of the Exchange Offering.

100. Based on representations by Par Funding and Defendant Pauciulo that Par Funding would otherwise default on payments altogether or enter bankruptcy, and based on Defendant Pauciulo's recommendation, as a lawyer, that they accept the offering, ABFP investors believed that they had no choice and many opted to accept the Exchange Offering with new investments that offered less interest and thus a lower rate of return.

101. Defendants' dissemination of materially false and misleading information had the desired effect—many of the investors accepted an Exchange Note offering that replaced the ABFP merchant cash investments.

102. Par Funding began paying investors pursuant to the restructured agreements on or about June 1, 2020. Although Vagnozzi and the ABFP Defendants have not disclosed the sources of funds to make the interest payments for the Exchange Notes, given Par Funding's insolvency

and extremely limited cash flow, it is difficult to imagine that the funds used to make such payments would have come from revenue generated by Par Funding's merchant cash advance loans. The actual purpose of making the interest payments, which Defendants knew would not continue, was to create a legal fiction that the restructure note agreements were supported by valuable consideration in an attempt to bar ABFP investors from bringing lawsuits to recover their principal.

103. As for Vagnozzi, three days after the SEC 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 was expanding his business claiming: "My staff and I feel that the results of this [SEC] investigation are the absolute best reason someone should invest with us…." Vagnozzi added, "[The SEC] [a]lso determined that all investments offered by ABFP were carried out in a manner consistent with the information provided to investors." Finally, Vagnozzi asserted: "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."

104. Each of Vagnozzi's statements was materially false and misleading when made for numerous reasons, including that the SEC Order makes no such findings. Rather, Vagnozzi mischaracterized the SEC Order to investors as a selling point for investing with him and ABFP, and in the same email message announced that he is forming a new public company that he will soon advertise.

105. Vagnozzi and ABFP also issued a press release about the SEC 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." This was also untrue.

106. To the contrary, on July 24, 2020, the SEC commenced an enforcement action against Par Funding, ABFP, ABFP Management, the ABFP Funds, LaForte, McElhone, Vagnozzi and others for numerous violations of the federal securities laws and seeking temporary and permanent injunctions of Defendants' business operations, freezing their assets, and appointing a receiver.

CLASS ALLEGATIONS

107. Plaintiffs bring this action as a class action pursuant to Federal Rule of Civil Procedure 23(a) and (b)(3) on behalf of a Class, consisting of all persons who purchased ABFP merchant cash advance investments from any ABFP entity, including but not limited to ABFP, 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, ABFP Income Fund 7 Parallel LLC, and any Agent Funds affiliated with and/or related to Par Funding or Dean Vagnozzi during the Class Period and who were damaged thereby.

108. Excluded from the Class are Defendants, the current and former officers and directors of the limited liability company Defendants, members of their immediate families and their legal representatives, heirs, successors or assigns and any entity in which Defendants have or had a controlling interest.

109. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, ABFP merchant cash advance investments were sold by Defendants to hundreds, if not thousands, of individual investors. While the exact number of Class members is unknown to Plaintiffs at this time and can only be ascertained through appropriate discovery. Plaintiffs believe that there are at least hundreds of members in the proposed Class. Members of the Class may be identified from records maintained by Defendants and may be notified of the pendency of this action by mail, using a form of notice customarily used in securities class actions.

110. Plaintiffs' claims are typical of the claims of the members of the Class, as all members of the Class are similarly affected by the defendants' wrongful conduct in violation of laws that is complained of herein.

111. Plaintiffs will fairly and adequately protect the interests of the members of the Class and have retained counsel competent and experienced in class litigation.

112. Common questions of law and fact exist as to all members of the Class and predominate over any questions solely affecting individual members of the Class. Among the questions of law and fact common to the Class are:

a. whether Defendants' acts violated RICO as alleged herein;

b. whether the misstatements and omissions alleged herein were material to ABFP merchant cash advance investors;

c. whether statements made by the Defendants to investors in ABFP merchant cash advance investments during the Class Period misrepresented and/or omitted material facts about the risks, prospects, and potential rates of returns of ABFP merchant cash investments; and

d. to what extent the members of the Class have sustained damages and the proper measure of damages.

113. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the damages suffered by individual Class members may be relatively modest, the expense and burden of individual litigation make it impossible for members of the Class to redress individually the wrongs done to them. There will be no difficulty in the management of this action as a class action.

CLAIMS FOR RELIEF

COUNT I
Violation of 18 U.S.C. § 1962(c)
(Against All Defendants)

114. Plaintiffs reallege and incorporate the allegations set forth herein as if fully stated herein.

A. Culpable Persons

115. Defendant Vagnozzi is a "person" within the meaning of 18 U.S.C. § 1962(c) as the term is defined by 18 U.S.C. § 1961(3).

116. Defendant ABFP is a limited liability company capable of holding a legal interest in property and are thus "persons" within the meaning of 18 U.S.C. § 1962(c) as the term is defined by 18 U.S.C. § 1961(3).

117. Defendant Pauciulo, is a "person" within the meaning of 18 U.S.C. § 1962(c) as the term is defined by 18 U.S.C. § 1961(3).

118. Defendant Eckert Seamans, is a limited liability company capable of holding a legal interest in property and are thus "persons" within the meaning of 18 U.S.C. § 1962(c) as the term is defined by 18 U.S.C. § 1961(3).

119. Defendant ABFP Management Company, LLC, is a limited liability company capable of holding a legal interest in property and are thus "persons" within the meaning of 18 U.S.C. § 1962(c) as the term is defined by 18 U.S.C. § 1961(3).

120. Defendants 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 (collectively, the “Delaware LLCs”) are Delaware limited liability companies capable of holding a legal interest in property and are thus “persons” within the meaning of 18 U.S.C. § 1962(c) as the term is defined by 18 U.S.C. § 1961(3).

B. The Association-in-Fact Enterprise

121. Defendants Vagnozzi, ABFP, Pauciulo, Eckert Seamans, ABFP Management Company, LLC and the Delaware LLCs are separate individuals or entities associated with each other by shared personal and/or one or more contracts or agreements for the purpose of originating, underwriting, marketing, selling and servicing ABFP merchant cash advance investments to Plaintiffs the Class, who reside in Pennsylvania, New Jersey, and other states.

122. This association of the Defendants Vagnozzi, ABFP, Pauciulo, Eckert Seamans, ABFP Management Company, LLC and the Delaware LLCs constitute a single association-in-

fact enterprise (the "ABFP Enterprise") within the meaning of 18 U.S.C. §1962(c), as the term is defined in 18 U.S.C. §1961(4).

123. The ABFP Enterprise has an existence separate and apart from the illegal activity alleged herein.

C. Each Defendants' Distinct Roles in The Enterprise.

124. Each of the Defendants has a distinct role in the ABFP Enterprise.

125. Defendant Vagnozzi is the ringleader of the ABFP Enterprise and acts as the primary marketer and salesperson of the ABFP merchant cash advance investments, and he recruited Defendants Pauciulo and Eckert Seamans to assist in the fraudulent scheme perpetrated by the ABFP Enterprise. Through the sale of ABFP merchant cash investments, Vagnozzi obtains the funds needed for his role as an agent for Par Funding, from whom Vagnozzi receives substantial compensation for providing substantial capital that is used to by Par Funding to extend merchant cash advances to merchants who cannot obtain conventional bank financing.

126. Defendants Pauciulo and Eckert Seamans have facilitated the ABFP Enterprise's fraudulent scheme by providing a wide range of legal services to the ABFP Enterprise, which allowed Defendant Vagnozzi to represent in radio advertisements and other media that ABFP's alternative asset investments "were put together with the help of one of Philadelphia's largest law firms."

127. Defendants Pauciulo's and Eckert Seamans' role in the ABFP Enterprise has included reviewing and approving advertising copy, drafting Private Placement Memoranda and Subscription Agreements for the ABFP investment offerings, and preparing and filing business organization documents for the numerous ABFP Enterprise's shell limited liability companies, including, but not limited to, the ABFP Management Company, LLC and the Delaware LLCs.

D. Engagement in Interstate Commerce

128. The ABFP Enterprise is engaged in interstate commerce and uses instrumentalities of interstate commerce in its daily business activities.

129. Specifically, the Vagnozzi and ABFP maintain offices in Pennsylvania and New Jersey, and use personnel in these offices to originate, underwrite, fund, market, sell, and service ABFP merchant cash advance investments. Such ABFP merchant cash advance investments are marketed and sold to individual investors in the Pennsylvania, New Jersey and other states via the extensive use of interstate emails, telephone calls, wire transfers and bank withdrawals processed electronically.

130. Communications between Defendants and Plaintiffs and the Class were conducted through by AM radio broadcasts, interstate email, telephone calls, wire transfers or other interstate wire communications. Specifically, Defendants used AM radio broadcasts, interstate emails and telephone calls to originate, underwrite, market and sell the ABFP Merchant Cash Advance Investments, fund the ABFP Merchant Cash Advance Investments, and collect the funds payable from merchants who entered into Merchant Cash Advance Agreements, and Collect on notes payments from Par Funding, via electronic interstate transfers processed through an automated clearing house.

E. Conducting Affairs through a Pattern of Racketeering.

131. Defendants conducted the affairs of the ABFP Enterprise or participated in the affairs of the ABFP Enterprise, directly or indirectly, though a pattern of racketeering activity (wire fraud, mail fraud and financial institution fraud) in violation of 18 U.S.C. § 1962(b) and (c).

132. At all relevant times, Defendants devised and carried out a scheme to conduct the affairs of the ABFP Enterprise to intentionally defraud investors in Pennsylvania and throughout the United States, including the Plaintiffs and the Class, to enter into Subscription Agreements and make payments for the purchase of ABFP merchant cash investments for which Defendants received upfront commissions and fees, and then entrusted the remaining funds—*i.e.*, Plaintiffs' and the Class' principal investment—to Par Funding, which in turn made cash advances cash to hundreds if not thousands of small businesses that lacked any creditworthiness and would have been unable to obtain any form of conventional bank funding. Par Funding made such cash advances without obtaining any documentation from such merchants concerning their ability to repay such cash advances. Par Funding engaged in these practices for the purpose of trapping such merchants in a repetitive cycle of taking out new cash advances to repay the prior advances when they came due.

133. As alleged herein, Defendant Vagnozzi and ABFP promote the sale of ABFP merchant cash advance investments through AM radio advertising, which direct potential investors to contact ABFP using a toll-free telephone number, as well as communications through the internet, email, U.S. mail and other interstate delivery services, and wire transfers, and therefore, it was reasonably foreseeable that interstate emails, telephone calls, and wire transfers would be used in furtherance of the scheme, and, in fact, intestate emails, telephone calls and wire transfers are used in furtherance of the scheme.

134. Specifically, the ABFP Enterprise directed, approved or ratified ABFP's use of AM radio advertising, the internet, interstate email, telephone calls, and other communications to intentionally defraud investors in Pennsylvania, New Jersey and other states, including Plaintiffs and the Class, to enter into Subscription Agreements for the purchase of ABFP merchant cash

advance investments that were extraordinarily risky and were highly vulnerable to market forces, including recession, and the stock market.

135. As part of this scheme, by the use of AM radio, interstate emails and telephone calls, the ABFP Enterprise targets and solicits unsophisticated individual investors to participate in private placement offerings of ABFP investments. Defendants' use of AM radio commercials, interstate emails and telephone calls intentionally create the false impression that the ABFP merchant cash advance investments are safe, low-risk investments in fixed income debt instruments by:

(i) misrepresenting the creditworthiness of the merchants who enter into merchant cash advance agreements with Par Financial, and hence, the risk that such merchants will default on their cash advances;

(ii) representing that the ABFP merchant cash advance investments are safe and stable investments because Vagnozzi and ABFP "worked with one of Philadelphia's largest law firms to put together [the] investment," when, in fact, Defendants Pauciulo and Eckert Seamans were intimately involved in every aspect of the ABFP Enterprise's fraudulent scheme;

(iii) falsely promising that the ABFP merchant cash advance investments would pay Plaintiffs and the Class "a 10 percent return with an interest check sent to you monthly and 100 percent of your principal will be returned to you after just one year;"

(iv) falsely representing that ABFP merchant cash advance investments are "fully insured" by "one of the largest insurance companies in the world," when in fact, Plaintiffs' and the Class' investments were, at all times, entirely at risk; and

(v) Defendants Pauciulo and Eckert Seamans, who were deeply conflicted, advising Plaintiffs and the Class, who were unrepresented by counsel, that their only means of recovering their investments in ABFP merchant cash advance loans was to agree to enter into a restructuring agreement with an illiquid entity, Par Funding, and claiming falsely that any legal action against the Defendants would be futile.

136. Once the ABFP merchant cash advance investments are sold to investors, the ABFP Enterprise furthers the scheme by using interstate wires to fund the merchant cash advances and electronic interstate bank withdrawals to repay the amounts owed to Par Funding under the Merchant Cash Advance Agreements, which, in turn, were transferred from Par Funding to ABFP pursuant to separate promissory notes and ultimately distributed to investors – all using interest wires and electronic bank withdraws. This continued until March 2020, when the previously undisclosed risks of the ABFP merchant cash advance investments were realized as the merchants defaulted on their notes and triggered a collapsed of the ABFP merchant cash investments and leaving ABFP investors without monthly interest payments and facing the prospects of a complete loss of their principal investment.

137. Thereafter, the ABFP Enterprise against used interstate e-mails, video transmitted over the internet and telephone calls to fraudulently induce ABFP merchant cash investors to enter into one or more restructuring agreements with Par Fund, which they knew was then illiquid and likely to seek bankruptcy protection, and Defendant Vagnozzi caused Defendants Pauciulo and Eckert Seamans to provided false and misleading legal advice (despite obvious conflicts of interest) to Plaintiffs and the Class, who were not represented by legal counsel, about their rights with respect to the ABFP merchant cash investments and prospects of obtaining a

monetary recovery from Defendants through litigation, in a misguided bid to avoid being sued by ABFP investors.

138. Upon information and belief, Plaintiffs and the Class relied upon Defendants' false and misleading statements and material omissions concerning the ABFP merchant cash investments in making their decisions to purchase such investments.

139. Defendants' conduct constitutes "fraud by wire" within the meaning of 18 U.S.C. § 1343 and "fraud by mail" and "investment fraud," which are "racketeering activit[ies]" as defined by 18 U.S.C. 1961(1). Its repeated and continuous use of such conduct to participate in the affairs of the ABFP Enterprise constitutions a pattern of racketeering activity in violation of 18 U.S.C. § 1962(c).

F. Injury

140. As a direct and proximate cause of Defendants' violation of 18 U.S.C. § 1962(c), Plaintiffs and the Class suffered, and continue to suffer, substantial losses of their savings and investments and/or property as Plaintiffs and the Class are no longer receiving monthly interest payments (or greatly diminished payments) and cannot and likely will not receive the repayment of their principal as promised by the ABFP Enterprise, and they will continue to suffer such financial and economic injury for the foreseeable future.

COUNT II

NEGLIGENT MISREPRESENTATION AS TO ALL DEFENDANTS

141. Plaintiffs repeat and re-allege each of the allegations set forth herein as if fully stated herein.

142. For purposes of this count, in the alternative, Plaintiffs specifically disclaim any allegations of fraud, and allege only negligence.

143. As set forth herein, each of the Defendants had a duty, as a result of a special relationship, *i.e.*, the offering of securities to investors across the country in the form of subscription agreements for unregistered securities, to give accurate information.

144. Defendant Vagnozzi is the owner and a control person of ABFP, ABFP Management Company, LLC; and the Delaware LLCs, and in that capacity, orchestrated the offerings and sales of unregistered securities by through these entities, to Plaintiffs and the Class. As such, Vagnozzi owed Plaintiffs a duty of candor.

145. The Delaware LLCs were each issuers that offered and sold unregistered securities to investors including Plaintiffs. As such, each of these Defendants owed Plaintiffs and the Class a duty of candor.

146. Defendants Pauciulo and Eckert Seamans, legal counsel to Defendants Vagnozzi, ABFP, ABFP Management, because of their key role in structuring the ABFP merchant cash advance investments, which included preparing the offering materials distributed to investors, and overseeing the distribution of such offering materials to investors, served as de facto underwriters of each of the merchant cash advance investments, and orchestrated and facilitated each of these unregistered securities offerings. Moreover, Defendants Pauciulo and Eckert Seamans exercised control and oversight of the information that was disseminated to Plaintiffs and the Class concerning their investments. As such, each of these Defendants owed Plaintiffs and the Class a duty of candor.

147. Because of their positions with ABFP and its affiliates, Defendants had access to material non-public information concerning ABFP and Par Funding, and they knew the adverse facts specified herein.

148. Defendants Pauciulo and Eckert Seamans, because of their positions as legal counsel to Vagnozzi, ABFP, ABFP Management, and their role as the de facto underwriter of each of the merchant cash advance investments offerings, possessed unique and specialized expertise and information concerning ABFP, including unfettered access to the material non-public information specified herein. Such information was available to Plaintiffs only when Defendants chose to reveal it.

149. Defendants occupied a special position of confidence and trust such that Plaintiffs' reliance on their statements in the ABFP merchant cash advance investments, including Private Placement Memoranda, Subscription Agreements, periodic reports, and other materials provided to investors was reasonable. Put another way, Defendants had a duty to speak truthfully and with care in these circumstances, where the relationship is such that in morals and good conscience, Plaintiffs had the right to rely on Defendants for accurate and correct information and their reliance was reasonable.

150. As alleged herein, Defendants made multiple false and misleading representations and omissions of material fact that they should have known were incorrect. Defendants' false and misleading statements.

151. Defendants knew that Plaintiffs desired the information supplied in the representations for a serious purpose, *i.e.*, to decide whether to invest in the in the ABFP merchant cash advance investments offerings.

152. All investors in the ABFP merchant cash advance investments offerings received a Private Placement Memoranda and Subscription Agreements that were substantially similar in all material respects. Each investor in an ABFP merchant cash advance investments offering was required to represent, and did in fact represent, that he or she "has received, read and fully

understands the [Private Placement] Memorandum. Investor further acknowledges that Investor is basing Investor's decision to invest in the LP Interests solely on the [Private Placement] Memorandum and Investor has relied only on the information contained therein and has not relied upon any representations made by any other person."

153. Plaintiffs' specific reliance on Defendants' misrepresentations and omissions, as reflected in the Private Placement Memoranda and Subscription Agreements required in order to invest in a ABFP merchant cash advance investments offerings, was justifiable in that Defendants were issuers of securities under strict legal obligations to be truthful in their statements made to induce investors to rely on such statements and invest in the ABFP funds.

154. Because of the Defendants' exclusive control over information relating to the operations, financial condition and controlling persons of the ABFP funds, Plaintiffs were required to rely, and certify their reliance, only on the offering documents and information provided by Defendants. Plaintiffs would have been unable to discover the truth, regardless of any level of due diligence or independent research they might have conducted. There were no independent means of verification available to Plaintiffs and the Class of the true facts regarding the operations, financial condition and controlling persons of the ABFP funds.

155. Plaintiffs intended to rely and act upon the information provided by Defendants. Plaintiffs reasonably relied on Defendants' misrepresentations and omissions to their detriment, namely, they decided to invest in the ABFP funds, and as a result of their reliance, suffered damages.

COUNT III
BREACH OF FIDUCIARY DUTY AS TO DEFENDANTS VAGNOZZI, ABFP, and ABFP MANAGEMENT

156. Plaintiffs re-allege and incorporate the allegations set forth herein as if fully stated herein.

157. Defendant Vagnozzi and his corporate alter egos, ABFP and ABFP Management, were, at all relevant times, control persons, managers, general managers, and majority owners of the Delaware LLCs and owed a fiduciary duty to Plaintiffs and the Class.

158. Plaintiffs and the Class were fully dependent upon Defendants Vagnozzi's ABFP's, and ABFP Management's, ability, skill, knowledge, and goodwill to invest their money appropriately and thereafter diligently oversee and manage that money and certified by signing the Subscription Agreements that they recognized these Defendants as their fiduciaries.

159. Moreover, by virtue of their superior skill and knowledge, their discretion on how to invest the investors' money, their exclusive oversight over the investors' money, the fact that they had been entrusted by Plaintiffs and the Class with their money, Defendants Vagnozzi ABFP, and ABFP Management were the investors' fiduciaries.

160. Defendants Vagnozzi ABFP, and ABFP Management breached their fiduciary duties to Plaintiffs and the Class by failing to truthfully, accurately, and completely disclose: (i) the nature of their investment in ABFP funds, (ii) failing to disclose the true risks of investing in ABFP funds, as set forth at length above, (iii) failing to truthfully disclose the alternatives to accepting the Exchange Notes offerings, including pursuing litigation, (iv) failing to disclose the prospects of recouping their principal by agreeing to accept the Exchange Notes offering, (v) failing to properly oversee, manage safeguard the Plaintiffs' and the Class's money and diligently invest it, and (v) failing to disclose to investors that distributions were not paid from partnership operations, but instead from other investors' funds.

161. As a direct and proximate consequence of Defendants Vagnozzi's ABFP's, and ABFP Management's, conduct as described in the foregoing and throughout this Complaint, Plaintiffs and the Class have lost a significant portion of the money they invested in the ABFP funds. As a result of Defendants Vagnozzi's ABFP's, and ABFP Management's breaches of fiduciary duty, Plaintiffs and the Class have suffered damages in an amount to be determined at trial.

COUNT IV
CIVIL CONSPIRACY AGAINST ALL DEFENDANTS

162. Plaintiff re-alleges and incorporates the allegations set forth in Paragraphs 1-64 as if fully stated herein.

163. Defendants combined to accomplish an unlawful purpose and/or to accomplish a lawful purpose by unlawful means. Defendants acted maliciously, without legal justification, and with the intent of injuring Plaintiffs. As such, Defendants have engaged in a civil conspiracy. In the course of their civil conspiracy, Defendants committed one or more unlawful, overt acts. Such unlawful, overt acts include Defendants' conduct described above. Such actions by Defendants subject such Defendants to joint and several liability.

COUNT V

COMMON LAW FRAUD

164. Plaintiff re-alleges and incorporates the allegations set forth herein as if fully stated herein.

165. Plaintiffs and the Class were defrauded by Defendants, as that cause of action is delineated by the common law in the State of Delaware.

166. Plaintiffs were the recipients of multiple misrepresentations and omissions of material fact, as set forth herein.

167. Defendants knew that their statements to Plaintiffs and the Class were materially false when made. Defendants concealed from investors the truth about Par Funding's business and its affiliates, including:

- the fact that there is no meaningful underwriting of the merchant cash advance loans to determine whether the borrowers have the ability to repay their loans;
- Par Funding often approved loans in less than 48 hours, without conducting an on-site inspection of the business;
- Par Funding would fund loans without obtaining information showing the business' profit margins, debt schedules, accounts receivable, or expenses;
- Vagnozzi and his associates make false claims to prospective investors that Par Funding has a 1% - 2% default rate, when in reality, Par Funding's loan default rate is as high as 10%;
- By August 2019, Par Funding had filed more than 800 lawsuits against small businesses for defaulted Loans seeking more than $100 million;
- By November 2019, Par Funding had filed more than 1,000 lawsuits seeking more than $145 million in missed payments;
- By January 2020, Par Funding had filed more than 1,200 lawsuits seeking $150 million in delinquent payments;
- Defendants represented to investors that Par Funding borrowers have insurance to cover defaults, but in truth Par Funding did not offer small businesses insurance on their loans;

- That LaForte is a twice-convicted felon and prior to founding Par Funding and that he was imprisoned and ordered to pay $14.1 million in restitution for grand larceny and money laundering; and
- Par Funding's history of regulatory violations and fines, including; (a) the $499,000 penalty from Pennsylvania Securities Regulators in November 2018; (b) the New Jersey Bureau of Securities' Cease-and-Desist Order against Par Funding based on its offer and sale of unregistered securities in December 2018; and (c) 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, in February 2020.

168. Additionally, Defendants misrepresented and concealed Vagnozzi's history regulatory violations and penalties, including: (i) the Pennsylvania Securities regulatory Order that required him to pay a $490,000 fine based on his sales of the Par Funding investment in violation of state law, in May 2019; (ii) in February 2020 the Texas Securities Regulators filed a claim against ABFP for fraud in connection with the Par Funding offering, which remains pending; (iii) the SEC filed a Consent Order against Vagnozzi for his violation of the federal securities laws on July 14, 2020; and (iv) the SEC Action seeking temporary and permanent injunctions of ABFP and Vagnozzi's operations, appointment of a receiver, and freezing assets.

169. Based on their positions as control persons, officers, directors, managers, majority owners, attorneys, and/or underwriters, each of whom offered and sold unregistered securities in the form of promissory notes and partnership units to investors including Plaintiffs and the Class, Defendants were uniquely knowledgeable about Par Funding, LaForte, Vagnozzi, ABFP, ABFP

Management, and the Delaware LLCs true practices and procedures, and the risks inherent in investing in unregistered securities issued by the Delaware LLCs, as described at length herein.

170. Armed with such knowledge, Defendants had a full understanding of the truth, yet they disseminated material falsehoods to create a misleading and false picture of investing in unregistered securities issued by the Delaware LLCs with the intention to induce Plaintiffs and the Class to rely on such statements and invest in the ABFP funds.

171. In addition, as alleged herein, a fiduciary relationship exists between Defendants Vagnozzi, ABFP, ABFP Management, Pauciulo, and Eckert Seamans and Plaintiffs and the Class. Based on such special, fiduciary relationship, Defendants Vagnozzi, ABFP, ABFP Management, Pauciulo, and Eckert Seamans also defrauded Plaintiffs and the Class by omitting the material information alleged herein which was necessary to make their statements not misleading.

172. Defendants made those materially false statements and omissions for the purpose of inducing Plaintiffs to rely on such statements and invest in the ABFP funds, which they in fact did.

173. Defendants also made the materially false statements and omissions alleged herein for the purpose of inducing Plaintiffs and the Class to accept the Exchange Note offerings, which include broad releases of claims and waivers of the right to bring a class action, to rely on such materially false statements and omissions and to accept the Exchange Note offerings, which they in fact did.

174. All investors in the ABFP funds received a Private Placement Memorandum and Subscription Agreement that were substantially similar in all material respects. In the Subscription Agreements, each investor in an ABFP fund was required to represent, and did in

fact represent, that he or she "has received, read and fully understands the [Private Placement] Memorandum. Investor further acknowledges that Investor is basing Investor's decision to invest in the LP Interests solely on the [Private Placement] Memorandum and Investor has relied only on the information contained therein and has not relied upon any representations made by any other person."

175. Plaintiffs' specific reliance on Defendants' misrepresentations and omissions, as reflected in the Private Placement Memorandum requirements and signed Subscription Agreements required in order to invest in a ABFP funds, was justifiable in that Defendants were issuers of securities under strict legal obligations to be truthful in their statements made to induce investors to rely on such statements and invest in the ABFP funds.

176. Because of the Defendants' exclusive control over information relating to the operations, financial condition and controlling persons of the ABFP funds, Plaintiffs were required to rely, and certify their reliance, only on the offering documents and information provided by Defendants. Plaintiffs would have been unable to discover the truth, regardless of any level of due diligence or independent research they might have conducted. There were no independent means of verification available to Plaintiffs and the Class of the true facts regarding the operations, financial condition and controlling persons of the ABFP funds.

177. As a direct result of Defendants' false and misleading statements and omissions, their intent to induce Plaintiffs and the Class to rely on such statements and omissions and invest in the ABFP funds, and Plaintiffs' justifiable reliance thereon, Plaintiffs and the Class suffered damages in an amount to be determined at trial and punitive damages because the conduct of the Defendants alleged herein was not in good faith or in the best interests of the partnerships and constituted gross negligence , fraud and willful and wanton conduct.

COUNT VI

UNJUST ENRICHMENT AGAINST ALL DEFENDANTS

178. Plaintiffs reallege and incorporate the allegations set forth herein as if fully stated herein.

179. All Defendants were enriched at the expense of Plaintiffs and the Class in that they received benefits, commissions, fees and other monetary benefits from the invalid sale of unregistered securities in the ABFP funds to investors, used investor funds for their own personal purposes, as alleged herein, and engaged in improper related party transactions and conflicts of interests to the detriment of investors, as alleged herein.

180. It is against equity and good conscience to permit Defendants to retain such benefits, commissions, fees and personal benefits resulting from the sale of unregistered securities to investors without a valid exemption from registration. Securities may only be sold if they are registered or exempt from registration pursuant to a valid exemption from registration. Defendants sold invalid unregistered securities to investors and received money and benefits at the expense of the investors in the ABFP funds. Defendants' receipt of such benefits as a result of inducing Plaintiffs and the Class to invest in the fraudulent and unregistered ABFP funds and subsequent use of investors' funds for personal purposes are not governed by any contract between investors and Defendants.

181. Plaintiffs and the Class were damaged by Defendants' unjust enrichment and seek disgorgement, restitution and return of the funds they invested in the invalid unregistered securities offerings and the commissions, fees and other benefits retained by the Defendants which equity and good conscience make it improper for Defendants to retain.

COUNT VII

AIDING AND ABETTING FRAUD BY ALL DEFENDANTS

182. Plaintiffs reallege and incorporate the allegations set forth herein as if fully stated herein.

183. As alleged herein, all Defendants have committed fraud with respect to the offering and management of the invalid unregistered securities offerings of the ABFP funds.

184. As alleged herein, all Defendants had knowledge of the fraud and substantially assisted in the achievement of the fraud.

185. Each Defendant, with knowledge of the fraud, aided and abetted the other Defendants in perpetrating the fraud.

186. As a direct result of each Defendant's aiding and abetting the fraud of the other Defendants, Plaintiffs and the Class suffered damages in an amount to be determined at trial and seek punitive damages.

COUNT VIII

AIDING AND ABETTING BREACH OF FIDUCIARY DUTY BY ALL DEFENDANTS

187. Plaintiffs reallege and incorporate the allegations set forth herein as if fully stated herein.

188. As alleged herein, Defendants Vagnozzi, ABFP, and ABFP Management breached their fiduciary duties to Plaintiffs and the Class.

189. By orchestrating the offering and sale of unregistered securities without a valid exemption from registration, all Defendants knowingly assisted and participated in the breaches of fiduciary duty by Defendants Vagnozzi, ABFP, and ABFP Management.

190. As a direct result of each Defendant aiding and abetting the other Defendants' breaches of fiduciary duty, Plaintiffs and the Class suffered damages in an amount to be determined at trial.

PRAYER FOR RELIEF

WHEREFORE, Plaintiffs pray for relief as follows:

a) Determining that Defendants are jointly and severally liable;

b) Ordering Defendants to repay Plaintiffs all principal, interest and fees previously paid to Defendants in connection with the ABFP Merchant Cash Investments;

c) Awarding Plaintiffs direct and consequential damages, including prejudgment interest;

d) Awarding Plaintiffs treble damages;

e) Awarding Plaintiffs their attorney's fees and costs incurred in this action; and

f) Granting further relief, in law or equity, as this Court may deem appropriate and just.

DEMAND FOR JURY TRIAL

Plaintiffs demand a trial by jury for all claims that may be so tried.

Dated: August 5, 2020.

Respectfully submitted,

/s/ Scott M. Tucker

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Case 1:21-cv-05042-DC Document 1 Filed 06/05/21 Page 65 of 65

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ATTORNEYS FOR PLAINTIFFS

**Pro Hac Vice* Anticipated

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

CASE NO.

ROBERT MONTGOMERY, LYNNE LAPIDUS, HENRY BARTH, LAURIE HAIRE, GLENN FRIEDMAN, ROSALYE FRIEDMAN, BETTI JANE CUOMO, ANTHONY CUOMO, MARK HERON and RAYMOND JANNELLI on behalf of themselves and all others similarly situated,

Plaintiffs,

CLASS ACTION

vs.

ECKERT SEAMANS CHERIN & MELLOTT, LLC, JOHN W. PAUCIULO, MICHAEL C. FURMAN, JOHN GISSAS, and DEAN VAGNOZZI,

Defendants.
_______________________________________/

CLASS ACTION COMPLAINT AND DEMAND FOR JURY TRIAL

Plaintiffs, Robert Montgomery, Lynne Lapidus, Henry Barth, Laurie Haire, Glenn Friedman, Rosalye Friedman, Betti Jane Cuomo, Anthony Cuomo, Mark Heron and Raymond Jannelli ("Plaintiffs"), bring this Complaint individually and on behalf of all others similarly situated, against Eckert Seamans Cherin & Mellott, LLC ("Eckert Seamans"), John W. Pauciulo, Esq. ("Pauciulo"), Michael C. Furman ("Furman"), John Gissas ("Gissas") and Dean Vagnozzi ("Vagnozzi"), and allege as follows:

INTRODUCTION

1. This is an action against Defendants for their role in an investment scheme orchestrated by convicted felon Joseph LaForte ("LaForte") through his company, Complete Business Solutions Group, Inc. d/b/a Par Funding ("Par Funding"). Par Funding provided merchant cash advances to small businesses, including hundreds of businesses in Florida. Par Funding funded those

advances with investor money that flowed through numerous investment funds set up by brokers, advisers and others who recruited those investors. Vagnozzi, Furman and Gissas are three of those individuals who set up funds through which Plaintiffs' and class members' money was invested into Par Funding.

2. The promissory note investments offered to and purchased by Plaintiffs and class members were unlawful, unregistered securities. In a case currently pending in this District, the Securities and Exchange Commission ("SEC") sued Par Funding, LaForte, Vagnozzi, Furman, Gissas, their funds and numerous others for violating the federal securities laws. *SEC v. Complete Bus. Solutions Group, Inc.*, No. 20-cv-81205-RAR (S.D. Fla.). Among those violations, the SEC alleges that investors were given offering documents rife with misrepresentations and omissions. Most of the defendants in that case, including Furman and Gissas, have agreed to an injunction.

3. Pauciulo and Eckert Seamans played an outsized role in the scheme. Par Funding's agent-fund investment structure was developed by Pauciulo, a partner at Eckert Seamans. Pauciulo represented all of the agent funds run by Vagnozzi, Furman and Gissas. Pauciulo created the offering documents containing the misrepresentations and omissions.

4. Those misrepresentations and omissions were material. For instance, Pauciulo and Eckert Seamans performed due diligence on Par Funding in 2016 and asked for Par Funding's audited financial statements. After Par Funding failed to provide any, Pauciulo and Eckert Seamans failed to warn investors in the offering documents that Par Funding had no audited financial statements. Nor did Pauciulo or Eckert Seamans follow up with Par Funding about subsequent financials. If they had, Pauciulo and Eckert Seamans would have learned that Par Funding received two audited financial statements prepared for 2017. The first was unsigned and showed a loss resulting from an astonishing $33 million in "consulting fees" to Par Funding's insiders, including LaForte and his wife. The second

2017 audited report showed a profit for the company but contained an adverse opinion stating that Par Funding's books and records did not present fairly.

5. Pauciulo and Eckert Seamans also failed to include warnings in the offering documents about the fact that, despite being marketed as insured, Par Funding's merchant cash advances were not insured. Par Funding learned in 2018 that the $75 million credit insurance policy it purchased did not cover its merchants' defaults. Blaming its insurance broker, Par Funding told Vagnozzi, and Vagnozzi told Pauciulo, his confidante and the person he characterized as "pivotal" to the success of the offerings. But the lack of insurance was never disseminated to investors.

6. Pauciulo and Eckert Seamans also knew about but failed to disclose to investors that Par Funding had instituted hundreds of lawsuits against merchants seeking hundreds of millions of dollars in missed repayments. These lawsuits undermined claims by Par Funding, Vagnozzi, Furman and Gissas that Par Funding had a miniscule 1-2% default rate.

7. The offering documents drafted by Pauciulo and Eckert Seamans misrepresented the application of a registration exemption to the securities laws. Pauciulo and Eckert Seamans set up multiple agent funds for Vagnozzi and Gissas in an effort to avoid the Securities Act's limitations on unaccredited investors. Pauciulo and Eckert Seamans also knew that Vagnozzi, Furman and Gissas marketed their funds by general solicitation in violation of the Act.

8. Pauciulo and Eckert Seamans also knew about but failed to disclose in the offering documents at least four state and federal regulatory investigations involving Par Funding, Vagnozzi, Furman, Gissas and/or their agent funds. These included investigations for which Eckert Seamans itself had been retained by Vagnozzi and his funds. Nor did Pauciulo or Eckert Seamans ever disclose to investors the fact that LaForte spent time in prison for larceny and money laundering.

9. As a result, Plaintiffs and class members believed their investments were relatively safe. Had they known about these misrepresentations and omissions, or the other misrepresentations

and omissions described further on in this Complaint, they would not have invested. As a result of Defendants' actions, Plaintiffs' and class members' investments are worthless and they have stopped receiving any proceeds from those investments.

10. Pauciulo and Eckert Seamans cannot avoid liability by hiding behind the attorney/client nature of their relationship to the other Defendants. Pauciulo devised and suggested the agent fund structure to Par Funding in early 2017, after the Pennsylvania securities regulators began investigating an improper "finders" structure that Par Funding had been using to solicit investors.

11. Vagnozzi, Furman and Gissas touted their relationship to Pauciulo and Eckert Seamans in advertising and at investor seminars. For instance, Vagnozzi's website marketed the investment by stating that "[W]ith the help of Dean Vagnozzi's attorney, John Pauciulo, and one of the largest law firms in the Philadelphia region, clients at ABFP are able to 'invest like the big boys' by pooling their money together and creating Private Placement Memorandums . . . ." Vagnozzi also referenced Pauciulo in numerous radio advertisements. Pauciulo and Eckert Seamans knew that Vagnozzi, Furman and Gissas were trading on the names and reputations of Pauciulo and Eckert Seamans.

12. Vagnozzi publicly stated on his website that Pauciulo's and Eckert Seamans' roles went beyond the normal attorney/client relationship and into that of an active business role. It stated, "All of the investment opportunities are carefully vetted and facilitated by one of the nation's largest law firms."

13. Pauciulo agreed with this characterization. In conversations with third parties and investors, Pauciulo described his role as that of a partner who took part in the funds' development and decisionmaking processes. For example, when COVID hit, Pauciulo participated in a video sent to investors in which Pauciulo, attempting to convince investors to trust his advice and participate in a

debt restructuring, emphasized Eckert Seamans' role in almost every aspect of the investments sold by Vagnozzi:

> *[W]e* have created investment funds across a pretty wide scope of businesses. *We* have done real estate. *We* have done other alternative investment classes. More importantly, there is [sic] deals that *we* haven't done, right? *I mean there are industries and transactions that we did a lot of diligence around and decided, you know, that it's not right for us, you know, not the kind of investment we wanted to get into and I think we made some good calls on a couple of those* because *we* later found out that some of those went sideways. So I think *we* have been, you know, pretty disciplined in *our* approach and *have sought out*, you know, business opportunities that most people wouldn't be aware of and probably wouldn't have an opportunity to invest in for a whole bunch of reasons, you know, through these fund structures.

(emphasis added).

14. Pauciulo's attempts at convincing investors were successful, as many agreed to sign "Exchange Notes" restructuring their deals so that they received 4% over seven years instead of 10-15% over one year. Pauciulo participated in another video sent to investors taking them through the Exchange Note and advising them about its various provisions. Pauciulo failed to point out a provision that purported to release the funds from any liability. Most investors signed the Exchange Note.

15. At various times Pauciulo also vouched for Vagnozzi, Furman, Gissas and their funds in communications directly to investors.

16. As a result of Defendants' actions, as described in more detail below, Plaintiffs and class members possess claims against each Defendant for breach of fiduciary duty; against Vagnozzi, Furman and Gissas for fraud; and against Pauciulo and Eckert Seamans for aiding and abetting breaches of fiduciary duty and fraud.

JURISDICTION AND VENUE

17. Subject Matter Jurisdiction. The Court has subject matter jurisdiction pursuant to the Class Action Fairness Act of 2005, 28 U.S.C. § 1332(d), because (i) the matter in controversy exceeds $5 million, exclusive of interest and costs; (ii) there are members of the proposed Class who are citizens

of different states than Defendants; and (iii) there are in the aggregate more than 100 members of the proposed class.

18. Personal Jurisdiction. Many of the Defendants' tortious acts and transactions constituting securities violations occurred in the Southern District of Florida.

19. This Court has personal jurisdiction over Defendants because the causes of action alleged arise from Defendants' tortious acts within Florida, their engaging in business in Florida and causing injury to persons or property within Florida while engaged in solicitation and services within Florida.

20. Furman and Gissas live in Florida and operate their businesses in Florida, including the agent funds at issue in this case.

21. In addition, out-of-state Defendants Pauciulo, Eckert Seamans and Vagnozzi at all times material engaged in significant contacts within the State of Florida. Pauciulo and Eckert Seamans represented several agent funds based in Florida. In exchange for attorney's fees, Pauciulo and Eckert Seamans created offering memoranda and other documents that they sent into Florida and knew would be used to solicit Florida-based investors. The investments related to merchant cash advances made by Par Funding, a company with its principal address in Palm Beach Gardens, Florida, to thousands of merchants including hundreds of merchants in Florida. Eckert Seamans, through Pauciulo, also created video communications and allowed them to be sent to Florida investors with the intent of inducing those investors to sign Exchange Notes.

22. Vagnozzi engaged in significant contacts within the State of Florida by soliciting Florida investors personally and through ABFP. He did this directly and through various agent funds, including the funds of Furman and Gissas. Vagnozzi, personally and through ABFP, recruited and trained the Furman and Gissas agent funds, and caused ABFP to run those agent funds' back offices. Vagnozzi and/or his entities received compensation arising out of the investments made by Florida

investors, including but not limited to compensation for managing the back offices of the Furman and Gissas agent funds.

23. Venue. Venue is proper in this forum pursuant to 28 U.S.C. § 1391 because a substantial part of the events and omissions giving rise to the claim occurred in this District, and because Defendants are subject to this Court's personal jurisdiction with respect to this action.

PARTIES

1. Plaintiffs

24. Plaintiff Robert Montgomery is a resident and citizen of the state of Florida, who resides in Miami-Dade County, Florida.

25. Plaintiff Lynne Lapidus is a resident and citizen of the state of Florida, who resides in Miami-Dade County, Florida.

26. Plaintiff Henry Barth is a resident and citizen of the state of Florida, who resides in Palm Beach County, Florida.

27. Plaintiff Laurie Haire is a resident and citizen of the state of Florida, who resides in Tamarac, Florida.

28. Plaintiffs Rosalye and Glenn Friedman are residents and citizens of the state of Florida, who live in Sumter County, Florida.

29. Plaintiff Betti Jane and Anthony Cuomo are residents and citizens of the state of Florida, who live in Sumter County, Florida.

30. Plaintiff Mark Heron is a resident and citizen of the state of North Carolina.

31. Plaintiff Edward Raymond Jannelli is a resident and citizen of the state of New Jersey.

2. Defendants

32. Defendant Eckert Seamans is a national law firm formed in Pennsylvania with its principal place of business in Pennsylvania.

33. Defendant Pauciulo is an individual who resides in Pennsylvania. He is a Partner in the law firm of Eckert Seamans.

34. Defendant Furman is an individual and a resident and citizen of the state of Florida, and is a resident of West Palm Beach, Florida.

35. Defendant Gissas is an individual and a resident and citizen of the state of Florida, and is a resident of Wildwood, Florida.

36. Defendant Vagnozzi is an individual who resides in Pennsylvania. He is the sole owner of ABFP and ABFP Management.

3. <u>Relevant Non-Parties</u>

37. Par Funding is a Delaware company started by Lisa McElhone and Joseph LaForte in 2011. Its principal address is 20900 Northeast 30th Avenue in Aventura, Florida. Through various agent funds, Par Funding solicited and obtained hundreds of investments from Florida investors.

38. LaForte founded Par Funding with his wife, Lisa McElhone. LaForte runs the day-to-day operations of Par Funding and acts as its *de facto* CEO. He was introduced to investors as Par Funding's president.

39. Abetterfinancialplan.com LLC d/b/a A Better Financial Plan ("ABFP") is a Pennsylvania limited liability company formed by Vagnozzi on November 12, 2010. Vagnozzi owns and manages ABFP, and he claims it is his corporate alter ego. ABFP is an investment firm that offers alternative investments. Through various agent funds, ABFP solicited and obtained hundreds of investments from Florida investors.

40. ABFP Management Company, LLC ("ABFP Management") is a Delaware limited liability company formed by Vagnozzi on March 11, 2010. ABFP Management is wholly owned by Vagnozzi. Through ABFP Management, Vagnozzi provides 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 services for the agent funds recruited by Vagnozzi in exchange for a portion of the investment returns. This includes agent funds in Florida.

41. ABFP Income Fund, LLC is a Delaware limited liability company formed by Vagnozzi on January 12, 2018. According to the SEC Complaint, beginning no later than February 2, 2019, Vagnozzi, through ABFP Income Fund, LLC raised at least $22 million for Par Funding through the offer and sale of promissory notes to at least 99 investors. Pauciulo and Eckert Seamans represented ABFP Income Fund and, among other things, drafted all documents pertaining to the formation of this entity and the offering documents.

42. ABFP Income Fund 2, L.P. is a Delaware limited liability partnership formed in July 2018. Vagnozzi, through ABFP Management, formed ABFP Income Fund 2 for the purpose of raising investor money to pool and invest in the Par Funding promissory notes through the offer and sale of limited partnership interests. ABFP Management is the General Partner of ABFP Income Fund 2. According to the SEC Complaint, 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. Pauciulo and Eckert Seamans represented ABFP Income Fund 2, and, among other things, drafted all documents pertaining to the formation of this entity and the offering documents.

43. ABFP Income Fund 3, LLC is a Delaware limited liability company formed by Vagnozzi in January 2019 to raise money for Par Funding through the offer and sale of promissory notes. Beginning no later than May 6, 2019, Vagnozzi, through ABFP Income Fund 3 raised at least $4 million for Par Funding, through the offer and sale of promissory notes to at least 20 investors. Pauciulo and Eckert Seamans represented ABFP Income Fund 3, and, among other things, drafted all documents pertaining to the formation of this entity and the offering documents.

44. ABFP Income Fund 4, LLC is a Delaware Limited-Liability Company formed by Vagnozzi on April 8, 2019, to raise money for Par Funding through the offer and sale of promissory notes. Pauciulo and Eckert Seamans represented ABFP Income Fund 4, and, among other things, drafted all documents pertaining to the formation of this entity and the offering documents. ABFP Income Fund 4 did not file a Form D Notice of Exempt Offering of Securities with the SEC.

45. ABFP Income Fund 5, LLC is a Delaware limited liability company formed by Vagnozzi on August 7, 2019, to raise money for Par Funding through the offer and sale of promissory notes. Pauciulo and Eckert Seamans represented ABFP Income Fund 5, and, among other things, drafted all documents pertaining to the formation of this entity and the offering documents. ABFP Income Fund 5 did not file a Form D Notice of Exempt Offering of Securities with the SEC.

46. ABFP Income Fund 6 LLC is a Delaware limited liability company formed by Vagnozzi on November 4, 2019, to raise money for Par Funding through the offer and sale of promissory notes. Pauciulo and Eckert Seamans represented ABFP Income Fund 6, and, among other things, drafted all documents pertaining to the formation of this entity and the offering documents. ABFP Income Fund 6 did not file a Form D Notice of Exempt Offering of Securities with the SEC.

47. ABFP Income Fund 7 LLC is a Delaware limited liability company formed by Vagnozzi on February 25, 2019, to raise money for Par Funding through the offer and sale of promissory notes. Pauciulo and Eckert Seamans represented ABFP Income Fund 7, and, among other things, drafted all documents pertaining to the formation of this entity and the offering documents. ABFP Income Fund 7 did not file a Form D Notice of Exempt Offering of Securities with the SEC.

48. ABFP Income Fund, LLC, ABFP Income Fund 2, LLC, ABFP Income Fund 3, LLC, ABFP Income Fund 4, LLC, ABFP Income Fund 5, LLC, ABFP Income Fund 6, LLC and ABFP Income Fund 7, LLC shall be referred to collectively as the “ABFP Agent Funds.”

49. 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 are Delaware limited liability companies that were formed by Vagnozzi, Pauciulo and Eckert Seamans on or about April 22, 2020, for the purpose of restructuring ABFP's unregistered merchant cash advance investments via various "Exchange Notes."

50. Fidelis Financial Planning LLC (the "Furman Fund") is a Delaware limited liability company that was formed by Furman in April 2018 and has its principal place of business in West Palm Beach, Florida. ABFP Management provides management services to the Furman Fund. The Furman Fund is a pooled financial fund created for the purpose of raising investor funds for Par Funding, primarily from Florida investors. Since no later than August 9, 2018, Furman, through the Furman Fund, has raised more than $5.8 million from investors for Par Funding through the offer and sale of promissory notes. Pauciulo and Eckert Seamans represented the Furman Fund and, among other things, drafted all documents pertaining to the formation of this entity and the offering documents.

51. Gissas, through Retirement Evolution Group LLC, operates agent funds that raise money for Par Funding through the offer and sale of promissory notes. Retirement Evolution Group was formed in 2018 with its principal address in Wildwood, Florida. Gissas is its President and sole manager. Pauciulo and Eckert Seamans represented Retirement Evolution Group and, among other things, drafted all documents pertaining to the formation of this entity.

52. Retirement Evolution Income Fund LLC is an Agent Fund formed in 2018 with its principal address in Wildwood, Florida. Gissas is its President and sole manager. Retirement Evolution Income Fund is a pooled investment fund created for the purpose of raising funds for Par Funding, primarily from Florida investors. Since as early as May 2018, Gissas, through Retirement Evolution Income Fund, has raised more than $5.4 million from at least 62 investors, primarily in Florida, for Par Funding through the offer and sale of promissory notes. Pauciulo and Eckert Seamans represented

Retirement Evolution Income Fund and, among other things, drafted all documents pertaining to the formation of this entity and the offering documents.

53. Retirement Evolution Insured Income Fund LLC is an Agent Fund formed in 2019 with its principal address in Wildwood, Florida. Gissas is its President and sole manager. Retirement Evolution Insured Income Fund is a pooled investment fund created for the purpose of raising funds for Par Funding, primarily from Florida investors. Gissas, through the Retirement Evolution Insured Income Fund, has raised money from investors for Par Funding through the offer and sale of promissory notes. Pauciulo and Eckert Seamans represented Retirement Evolution Insured Income Fund and, among other things, drafted all documents pertaining to the formation of this entity and the offering documents.

54. RE Income Fund 2 is an Agent Fund formed in 2019 with its principal address in Wildwood, Florida. Gissas is its President and sole manager. RE Income Fund 2 is a pooled investment fund created for the purpose of raising funds for Par Funding, primarily from Florida investors. Since no later than August 1, 2019, Gissas, through RE Income Fund 2, has raised at least $150,000 from investors for Par Funding through the offer and sale of promissory notes. Pauciulo and Eckert Seamans represented RE Income Fund 2 and, among other things, drafted all documents pertaining to the formation of this entity and the offering documents.

55. Spartan Income Fund is an Agent Fund formed in 2019 with its principal address in Mt. Laurel, New Jersey. Upon information and belief, Vagnozzi has an ownership interest in Spartan Income Fund, which is managed by a subagent named John Myura, to whom Vagnozzi sends some clients who call in response to Vagnozzi's radio advertisements. Spartan Income Fund is a pooled investment fund created for the purpose of raising funds for Par Funding. Spartan Income Fund has raised an unknown amount from investors for Par Funding through the offer and sale of promissory

Case 9:20-cv-81205-RAR Document 1994-1 Entered on FLSD Docket 09/07/2020 Page 217 of

notes. Pauciulo and Eckert Seamans represented Spartan Income Fund and, among other things, drafted all documents pertaining to the formation of this entity and the offering documents.

56. Retirement Evolution LLC, Retirement Evolution Income Fund LLC, Retirement Evolution Insured Income Fund LLC and RE Income Fund 2 will be collectively referred to as the "Gissas Funds."

57. The ABFP Agent Funds, the Furman Fund, the Gissas Funds and Spartan Income Fund LLC will be collectively referred to as the "Agent Funds."

FACTS

1. Par Funding and the Merchant Cash Advance Business

58. Plaintiffs' claims stem from Par Funding's "merchant cash advance" (or "MCA") business, which involves the purchase of future receivables from small businesses. Generally speaking, these small businesses pledged future receivables and a significant fee percentage in exchange for quick cash from Par Funding.

59. McElhone and LaForte, who are married, started Par Funding in 2011. McElhone was Par Funding's only employee. Starting in 2017, another company owned by McElhone, Full Spectrum Processing, Inc., operated Par Funding. McElhone was not involved in either company's day-to-day operations. The businesses were run by La Forte. McElhone separately ran a nail salon in Philadelphia.

60. Shortly before he started Par Funding, LaForte had been released from prison after serving a three- to 10-year sentence and paying $14.1 million in restitution for grand larceny, money laundering and conspiracy to operate an illegal gambling business. Reputedly, LaForte's grandfather and uncle were members of the Gambino crime family. LaForte used a number of aliases, including Joe Mack, Joe Macki and Joe McElhone.

61. Par Funding funded hundreds of millions of dollars in MCAs. Many of those MCAs resulted in profits to Par Funding that, if considered to be interest, would be usurious.

62. In a 2018 article about Par Funding, LaForte and the merchant advance cash industry, *Bloomberg News* reported that this "new industry is in some ways a reincarnation of the loan-sharking rackets of a bygone era. Cash-advance companies use a legal document called a confession of judgment to stack the deck against borrowers, just as payday lenders did a century ago. Small-business lending was once infiltrated by the mob. Today it's again a magnet for crooks, including some with alleged ties to organized crime."

2. Par Funding Starts by Raising Money Through Investor Promissory Notes

63. To fund the MCAs, Par Funding raised investor money through the offer and sale of securities in the form of promissory notes.

64. From 2012 through 2017, Par Funding sold promissory notes directly to investors through a network of sales agents, or "Finders." The Finders located and solicited investors in return for a "finder's fee" from Par Funding.

65. Par Funding's assets, including its accounts receivable, secured the notes. The notes stated that Par Funding would pay back the noteholder investor over 12 months, with interest ranging from 12- to 44-percent.

66. By December 2017, Par Funding raised at least $90 million from investors through the offer and sale of promissory notes. Investors sent funds directly to Par Funding or through self-directed IRA accounts.

3. Eckert Seamans and Pauciulo Conduct Due Diligence on Par Funding

67. Pauciulo and Eckert Seamans represented Vagnozzi's businesses, including ABFP, for more than a decade when, in mid-2016, ABFP hired Pauciulo and Eckert Seamans to conduct due diligence on Par Funding.

68. As part of the due diligence, Pauciulo requested and received documents from Par Funding. Through this process, Pauciulo learned the following: i) that Par Funding had no audited

financial statements; ii) that Par Funding had no insurance on merchant receivables; iii) that LaForte was not listed as an officer or director, even though Pauciulo knew that LaForte ran the business; and (iv) that Par Funding had filed hundreds of lawsuits against merchants, seeking tens of millions of dollars in defaulted repayments. This last fact was particularly important, as it contradicted claims by Par Funding that its merchant default rates were only 1% to 2%.

69. Also, Pauciulo either did not run a background check on LaForte or ignored its results. In any event, Pauciulo learned from Vagnozzi no later than 2018 that LaForte was an ex-convict, and read the *Bloomberg News* article about Par Funding's questionable business practices in 2018.

70. Pauciulo also either failed to review or ignored the fact that Par Funding's own offerings were unregistered securities that did not qualify for a registration exemption.

4. Vagnozzi Solicits Investments for Par Funding, Then for Intermediary Agent Funds

71. After Pauciulo and Eckert Seamans conducted due diligence on Par Funding, Vagnozzi was Par Funding's biggest Finder in 2016 and 2017. Through his company ABFP, Vagnozzi raised about $20 million for Par Funding in exchange for a finder's fee of 6% to 7% of each investment he solicited.

72. As Pauciulo and Eckert Seamans knew, Vagnozzi's solicitations were made to the general public through radio advertisements, websites and seminars. They also knew that Vagnozzi uniformly touted Eckert Seamans' due diligence as a reason for investors to invest their money.

73. In January 2018, Pennsylvania securities regulators subpoenaed Par Funding in connection with an investigation of Par Funding's use of unregistered Finders to solicit direct-to-Par Funding promissory notes. Par Funding told Vagnozzi about the investigation, and Vagnozzi told Pauciulo.

74. Upon receiving the subpoena, Par Funding restructured its offering using a structure developed by Pauciulo and proposed through Vagnozzi. Under this structure, Par Funding issued

promissory notes to intermediary agent funds, which then issued notes to investors in exchange for their investment. The agent funds funneled these investments to Par Funding, which then repaid investors through the agent funds, as follows:

75. In September 2018, Par Funding assured the Pennsylvania securities regulators that it was no longer using Finders. Par Funding never told regulators that it had simply replaced the Finders structure with the agent funds structure.

76. Using the agent funds structure starting in January 2018, Vagnozzi continued to raise millions in investor funds for Par Funding. With Pauciulo's assistance, Vagnozzi created a slew of agent funds, including the various ABFP Funds. All told, Vagnozzi solicited tens of millions of dollars in investor funds through the ABFP Funds.

77. Moreover, with crucial support from Pauciulo and Eckert Seamans, Vagnozzi greatly expanded the web of agent funds seeking investors throughout the country, particularly in Florida. Vagnozzi recruited other agents, including registered investment advisers and insurance advisers who had existing clients (and preexisting confidential fiduciary relationships built on trust and confidence), to create more agent funds.

78. Pauciulo and Eckert Seamans helped start more than 30 agent funds nationwide.

79. These new agent funds included the Furman and Gissas Agent Funds, through which Vagnozzi was able to reach into a pool of primarily Florida-based investors. As described below, Vagnozzi received a cut of the Agent Funds' proceeds.

80. Pauciulo and Eckert Seamans set up all of the Agent Funds' corporate entities and created the documents that the Agent Funds would need to solicit investors. Pauciulo and Eckert Seamans created and provided private placement memoranda ("PPMs"), subscription agreements, corporate registration documents and other offering materials for each Agent Fund. They set up a tax identification number for each Agent Fund. They provided a management agreement to be executed by the Agent Funds and ABFP Management. And Pauciulo and Eckert Seamans either drafted and filed, or advised the Agent Funds how to draft and file, the Agent Funds' Form D exemptions with the SEC. These forms gave the public 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). The forms for the ABFP and Gissas Agent Funds were signed by Pauciulo or his associate.

81. Vagnozzi and ABFP trained the new agents about how the Agent Funds worked, and provided them with marketing materials and an "Agent Guide" that had been reviewed by Pauciulo. The Agent Guide explained to agents, including Furman and Gissas, how to create an agent fund, telling them they merely need to choose a name and send it to Pauciulo with a $5,000 check. It advised which banks to set up accounts and directed them to add an ABFP employee as an authorized signatory.

82. Vagnozzi and ABFP Management acted as the new Agent Funds' back office, sending investor payments to Par Funding and distributing Par Funding's repayments to the new Agent Funds, which would then distribute to their investors. Vagnozzi and ABFP Management performed these tasks so that agents like Furman and Gissas could "focus on selling."

83. Upon receipt of the investor funds, Par Funding issued a note to the Agent Fund with a given rate of return. The Agent Fund then delivered a note to its investor at a lower rate. The difference between the two rates was kept by the Agent Fund, which gave 25% of that difference to Vagnozzi and ABFP Management pursuant to a management agreement.

84. For their part, Pauciulo and Eckert Seamans received hundreds of thousands of dollars in fees from Vagnozzi, the ABFP Funds and the new Agent Funds in exchange for setting up these funds.

85. At all times, Pauciulo and Eckert Seamans knew that all of the Agent Funds would be soliciting investors through general promotion activity such as radio, television commercials, the Internet, social media and/or dinner seminars. Pauciulo and Eckert Seamans also knew about and allowed the Agent Funds to tell investors that Eckert Seamans, one of the largest law firms in the northeast United States, was involved in the offering.

86. The ABFP Funds raised more than $30 million from investors, with the Furman and Gissas Agent Funds raising more than $5.8 million and $5.5 million, respectively.

87. By March 2020, Vagnozzi claimed that 600 investors had invested in Par Funding through the various agent funds that he recruited, including the Furman and Gissas Agent Funds.

5. The Promissory Notes Were Not Exempt Unregistered Securities, and Pauciulo and Eckert Seamans Knew It

88. The promissory notes issued by the Agent Funds were securities within the meaning of the Securities Act, which unless exempt must be registered before being offered or sold in the United States. 15 U.S.C. §77e.

89. Rule 506(b) under Section 4(a)(2) of the Securities Act provides a "safe harbor" from registration. It provides objective standards for a company to rely on to claim an exemption. Companies conducting an offering that qualifies under Rule 506(b) can raise an unlimited amount of money and can sell securities to an unlimited number of accredited investors.

90. An offering under Rule 506(b) is, however, subject to certain requirements. The offeror cannot conduct any general solicitation or advertising to market the securities. The securities may not be sold to more than 35 unaccredited investors, who must meet the legal standard of having sufficient

knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of the prospective investment. Furthermore, all unaccredited investors must be given specific information relating to the offeror's financial condition.

91. The Agent Funds' notes did not comply with the requirements of Rule 506(b).

92. Vagnozzi, Furman and Gissas solicited investments in the Agent Funds via general solicitations and advertisements, including radio advertisements, investment seminars, seminars, flyers, television commercials, the internet and social media.

93. The Agent Funds did not provide unaccredited investors with the financial information required by Rule 506(b).

94. And the ABFP Funds and Gissas Funds sold their securities to more than 35 non-accredited investors. One of ABFP's sales agents, Shannon Westhead, submitted a declaration to the SEC stating that "There are numerous ABFP Income Funds because when a fund reached 35 unaccredited investors or 99 investors total, ABFP would open a new fund."

95. Through Pauciulo's active involvement in the documentation, offering and sales of the promissory notes and interactions with the Agent Funds and their principals, including Vagnozzi, Furman and Gissas, Pauciulo and Eckert Seamans knew that the Agent Funds' notes did not comply with the Rule 506 exemptions.

96. Pauciulo drafted and signed "Form Ds" on behalf of the ABFP Funds and many of the Agent Funds, which were filed with the SEC and falsely claim an exemption from registration as a "private offering" under Rule 506(b).

97. No Form Ds were even filed by Vagnozzi, Pauciulo or Eckert Seamans for ABFP Funds 4 through 7.

98. Knowing of the multiple ongoing securities violations, Pauciulo and Eckert Seamans should have, but did not, withdraw from further representation of the Agents Funds. Instead, they

helped facilitate the violation by, for example, creating separate funds to conceal the number of unaccredited investors.

6. <u>Par Funding, Vagnozzi and ABFP Receive Significant Regulatory Scrutiny</u>

99. During this time, Par Funding, Vagnozzi and ABFP received significant regulatory scrutiny, none of which was disclosed to investors by Vagnozzi, Pauciulo, Eckert Seamans, Furman or Gissas.

100. In 2017, the SEC began investigating ABFP relating to another private placement created with the help of Pauciulo and Eckert Seamans that was unrelated to Par Funding. The investigation lasted three years. Pauciulo and Eckert Seamans represented ABFP relating to the investigation. Furman and Gissas knew about the investigation prior to 2020.

101. The SEC issued a subpoena to Eckert Seamans in July 2017 relating to the investigation. In June 2020, the SEC issued a Cease and Desist Order holding that ABFP and Vagnozzi willfully violated Section 5 of the Securities Act. The SEC found, among other violations, that ABFP had attempted to skirt Rule 5(b)'s limitation on 35 unaccredited investors. Each time a fund approached 35 unaccredited investors, a new, consecutively numbered fund would be created, and so on. Pauciulo and Eckert Seamans created this structure and filed the Form Ds for each of these funds. (ABFP, through Pauciulo and Eckert Seamans, did the same thing with the ABFP Funds in the Par Funding context). The SEC also found that Vagnozzi's and ABFP's principal marketing techniques included frequent radio advertisements, mailers and seminars — also a violation of the exemption requirements.

102. In November 2018, the Pennsylvania Department of Banking and Security investigated Par Funding's use of unregistered Finders and levied a $499,000 penalty. Vagnozzi and ABFP knew about the New Jersey investigation, and told Pauciulo about it.

103. In December 2018, the New Jersey Bureau of Securities issued a Cease and Desist Order against Par Funding. The Order arose out of an investigation of Par Funding's sale of unregistered

securities and use of unregistered agents in New Jersey. Vagnozzi and ABFP knew about the New Jersey investigation, and told Pauciulo about it, as well as Furman and other agents.

104. In May 2019, the Pennsylvania securities regulators ordered Vagnozzi and ABFP to pay a $490,000 fine relating to the sale of Par Funding's promissory notes to investors. Eckert Seamans represented ABFP in the action.

105. In February 2020, the Texas State Securities Board issued an Emergency Cease and Desist Order against Par Funding, ABFP and a Texas-based agent fund called Merchant Growth. The Order cited fraud and registration violations by the companies. The Texas securities regulators found, among other things, that Par Funding and the agent fund did not qualify for a registration exemption because, among other reasons, Merchant Growth used general solicitations to recruit investors. In the Texas action, Eckert Seamans represented ABFP, which it knew had solicited investors through radio ads and other general solicitations for years.

106. Furman and Gissas knew about these investigations of Par Funding, Vagnozzi and ABFP prior to 2020.

7. <u>Defendants Learn That Par Funding Does Not Have Merchant Credit Insurance</u>

107. The Agent Funds told investors that Par Funding had purchased a $75 million credit insurance policy that would cover merchant defaults on the loans made to merchants by Par Funding.

108. In late 2018, however, Par Funding learned that the policy it purchased from Euler Hermes did not cover the MCA business model. It did not provide loan guarantee insurance. Rather, it provided standard accounts receivables insurance.

109. Par Funding let the worthless policy expire. In a sham attempt to keep the PPMs in compliance, Par Funding purchased an inexpensive policy from Euler Hermes with $200,000 in unrelated coverage so that Par Funding and the Agent Funds could continue to represent that Par Funding was "insured."

110. Par Funding told its agents, including Vagnozzi, that it did not have the proper merchant credit insurance. Vagnozzi, in turn, told Pauciulo and Eckert Seamans. Furman and Gissas also learned about this insurance issue prior to 2020.

111. Yet Vagnozzi, Furman, Gissas and their Agent Funds continued to market the Par Funding MCAs as insured to investors, who relied on that representation.

112. Vagnozzi, Pauciulo, Eckert Seamans, Furman and Gissas did not disclose to investors in the PPMs, supplemental documents or otherwise that Par Funding once touted loan guarantee insurance but ultimately never had it.

113. Vagnozzi continued to conceal this from investors even after Par Funding declared a moratorium on payments shortly after the COVID-19 pandemic hit. On March 26, 2020, Vagnozzi forwarded to investors an email from Par Funding announcing that distributions would be suspended. Vagnozzi added commentary, including telling investors that Par Funding had insurance, but that a virus exclusion in the policy precluded any claim. This was a lie, as Vagnozzi knew there was no coverage.

114. Furman received Vagnozzi's email and forwarded it to his investors, passing off Vagnozzi's comments as his own.

115. In an email dated April 20, 2020, Vagnozzi told investors he had reached out to Par Funding and Euler Hermes and was told that the insurance coverage was denied because of a virus exclusion in Par Funding's policy. He also told investors that he had contributed $300,000 to the insurance premium when it was purchased. None of this was true.

8. <u>Investors Enter Into the Exchange Notes</u>

116. Investors did not receive their April and May investment returns.

117. Pauciulo helped convince investors to forego suing the Agent Funds for default, and to instead allow the funds to restructure the debt owed to them by Par Funding.

118. On April 18, 2020, the investors received by email a video in which Vagnozzi and Pauciulo told investors that Pauciulo had reviewed Par Funding's financials and that Par Funding was insolvent. Vagnozzi reassured investors that he believed Par Funding would rebound. Vagnozzi and Pauciulo recommended that investors withhold filing lawsuits against Par Funding and opt instead to restructure the debt by accepting an Exchange Note.

119. Through an Exchange Note, investors' returns would be reduced to 4% and their principal repayment term would be expanded from one year to seven years.

120. Pauciulo told investors that Par Funding had a clean UCC report, and that investors who executed an Exchange Note would therefore be "first in line" to collect if Par Funding were to default on the new deal. This was untrue. Par Funding had numerous liens on its assets at the time.

121. On April 26, 2020, investors received another video of Vagnozzi and Pauciulo in which Vagnozzi and Pauciulo again recommended that investors accept the Exchange Offering.

122. In the video, Pauciulo walked investors through the offering documents, page by page. Pauciulo never mentioned in the video a material provision in the Exchange Note — that investors would be releasing the Agent Funds, from any claims of liability relating to the offering documents, or any other claims.

123. Nor did the Exchange Note or Pauciulo disclose any of the regulatory actions relating to Par Funding or the ABFP Funds, including but not limited to pending actions by the SEC and the state of Texas in which Eckert Seamans represented ABFP.

124. In conference calls, Vagnozzi told Furman and Gissas about the advice given by Pauciulo and Eckert Seamans. Pauciulo and Eckert Seamans knew that Vagnozzi would be passing on this advice, and information about Pauciulo's of Par Funding's financials, to Gissas, Furman and the Agent Funds. Gissas, Furman and the Agent Funds passed on this information to investors.

125. Relying on the representations made to them, and the expertise of Pauciulo, Vagnozzi, Furman and Gissas, investors felt they had no choice but to agree to the Exchange Offering and to replace their existing notes with new notes that offered less interest and thus a lower rate of return.

9. Defendants Owed Investors Fiduciary Duties

126. Each Defendant owed Plaintiffs and the class members a fiduciary duty.

127. Vagnozzi, Furman, Gissas and their Agent Funds solicited and sold unregistered securities and acted as *de facto* investment advisors or brokers or financial advisors. They sold securities to Plaintiffs. They engaged in the business of effecting transactions in securities for the account of others. They received transaction-based commissions and/or payments. They provided advice and recommendations as to investment in Par Funding and the Agent Funds. They actively solicited investments in the securities. They advised Plaintiffs and class members as to the value of the Agent Fund securities and the investment in or purchase of those securities. And they effected transactions in securities for the account of others.

128. Vagnozzi, Furman, Gissas and their Agent Funds obtained the trust and confidence of Plaintiffs and class members by purporting to have superior knowledge and expertise in the promissory note investments, and in each instance advised Plaintiffs that their investment was lucrative and low risk. That trust and confidence was reposed in Vagnozzi, Furman, Gissas and their Agent Funds, creating a fiduciary duty owed to Plaintiffs.

129. For example, Furman told investors in the Furman Agent Fund: "We will show you WHY you want the most TRANSPARENT Advisor. We have a Fiduciary duty to put YOU FIRST, we are INDEPENDENT Advisors and we don't fit you into an investment, we show you what investments and products fit YOU! Whether it is treating you like family, or just being there to answer any question you might have at anytime, the United Fidelis Group will always put our clients first! LET

US show you what makes us the TOP 1% of the TOP 1% of ALL ADVISORS NATIONALLY, and we still will put you first. Ask for references we are happy to provide them!"

130. Gissas stated on his website, "Retirement Evolution Group designs each strategy for your unique financial situation. Our independence allows us to review the full range of products available in your state to determine which is best for you. Our advisors review each case independently to create the best plan from our available services . . . ."

131. Pauciulo and Eckert Seamans also owed Plaintiffs and class members fiduciary duties. They acted as the attorney for the Agent Funds, with knowledge that the purpose of the Agent Funds was to solicit investors using general solicitation and advertising methods that traded on Pauciulo's and Eckert Seamans' involvement and expertise. Pauciulo and Eckert allowed Vagnozzi to use their names and professional reputations in marketing materials distributed to prospective investors, giving comfort to prospective investors that the Agent Funds were legitimate, financially sound investment funds that complied with all applicable regulatory and legal requirements. Pauciulo and Eckert Seamans knew that Vagnozzi's radio advertisements touted the fact that "These investment opportunities . . . were created with the help of one of the nation's larges law firms."

132. Eckert Seamans' name appeared as "Legal Counsel" in the PPMs distributed to investors of the Agent Funds. The PPMs also stated that each Agent Fund "has engaged the law firm of Eckert Seamans Cherin & Mellott, LLC to advise the Fund on various legal matters, including issues relating to securities law, certain regulatory matters as well as certain tax matters."

133. Pauciulo's and Eckert Seamans' involvement with the Agent Funds went far beyond a standard attorney/client relationship. At all times material, Pauciulo characterized his role to investors and third parties as not just an outside counsel or an attorney providing routine legal services, but as a longstanding partner who took part in the funds' development and decisionmaking process.

134. In addition to allowing the Agent Funds to use Pauciulo and Eckert Seamans in advertising and marketing, Pauciulo often interacted directly with investors. Pauciulo took phone calls from investors with questions about Par Funding or the Agent Funds. When speaking with those investors he often characterized his role as a partner with the Agent Funds, using the pronouns "we," "us" and "our" when discussing those funds. For example, in a video sent directly to investors, he told them:

> *[W]e* have created investment funds across a pretty wide scope of businesses. *We* have done real estate. *We* have done other alternative investment classes. More importantly, there is [sic] deals that *we* haven't done, right? *I mean there are industries and transactions that we did a lot of diligence around and decided, you know, that it's not right for us, you know, not the kind of investment we wanted to get into and I think we made some good calls on a couple of those* because *we* later found out that some of those went sideways. So I think *we* have been, you know, pretty disciplined in *our* approach and *have sought out*, you know, business opportunities that most people wouldn't be aware of and probably wouldn't have an opportunity to invest in for a whole bunch of reasons, you know, through these fund structures.

(emphasis added).

135. Pauciulo also vouched for Vagnozzi, ABFP and the Agent Funds in front of investors. For instance, Vagnozzi asked Pauciulo in one video: "You have gotten to know my staff has grown significantly. You know everybody in the staff. Point is[,] positive relationship, only positive things to say about myself and my staff, is that a fair statement?" Pauciulo responded "Yeah, it is."

136. As a result of statements like these and allowing the Agent Funds to use Pauciulo and Eckert Seamans in promotional materials, Pauciulo and Eckert Seamans sought to induce the trust of investors. It worked, as investors reposed trust and confidence in Pauciulo and Eckert Seamans.

137. The fiduciary relationship developed by Pauciulo and Eckert Seamans with investors is highlighted by comments made to convince Plaintiffs and the class members to execute the Exchange Notes. Vagnozzi stated "There are individuals who are unclear on which direction they should go. . . . I am trying to make the best decisions I can for the most people and it's going to be impossible to make everybody happy." Pauciulo then made statements in an effort to convince investors to sign the

Exchange Notes. He told them he was a former SEC staff attorney who "investigated cases involving financial fraud, accounting fraud and insider trading." He told them he was "very familiar with, you know, financial accounting."

138. He also told investors that he had signed a nondisclosure agreement with Par Funding and reviewed Par Funding's financials. He invited investors' reliance on his review of the financials. He said Par Funding was insolvent. He did not tell investors that the financials he received were unaudited, or that Par Funding had tens of millions of dollars of cash in its accounts.

139. Pauciulo presented three options to investors: sue Par Funding, put Par Funding into involuntary bankruptcy or restructure the debt. Pauciulo took investors through the pros and cons of each option, telling them he had consulted with other Eckert Seamans attorneys in the firm's bankruptcy department. Pauciulo concluded that "[Vagnozzi] and I have come to the conclusion that the workout gives us the best possible result . . . . We think that's in the best interest of all investors."

140. Pauciulo advised investors that if they agreed to a restructuring, they would go from an unsecured creditor status to a secured status, with the ability to get a first priority lien on Par's assets. He told investors that he did a lien search and that there were no liens on Par Funding's assets.

141. Vagnozzi concluded that "[t]his is, we feel, a pretty cut and dry decision."

142. In making these statements to investors, Pauciulo, Eckert Seamans and Vagnozzi intended to, and did, obtain the trust and confidence of Plaintiffs and class members by purporting to have superior knowledge and expertise about Par Funding's financial position and the benefits of the Exchange Notes. That trust and confidence was reposed in Vagnozzi, Eckert Seamans and Pauciulo, creating a fiduciary duty owed to Plaintiffs.

143. Defendants breached their fiduciary duty to the Plaintiffs via their misconduct, more particularly described throughout this complaint, including, but not limited to the misrepresentations and omissions described below.

10. Misrepresentations and Omissions in the Marketing and Sales of the Promissory Notes

144. The Agent Fund offering documents and Exchange Notes prepared by Pauciulo and Eckert Seamans contained numerous false and misleading statements, and concealed or omitted material information about the use of investors' funds and the risks associated with the Agent Funds. Each of these misrepresentations and omissions was material, and included the following:

a. Audited Financials. The offering documents failed to disclose that, as part of Pauciulo's and Eckert Seamans' due diligence inquiry into Par Funding, Par Funding did not provide audited financial statements. As it turned out, Par Funding commissioned two sets of audited financial statements for 2017. The first set showed the company losing money, with figures showing that Par Funding was taking investor money to pay more than $33 million consulting fees to its principals. LaForte pressured the accounting firm to provide financials showing Par Funding in the black. So, the accounting firm presented a second set showing Par Funding operating at a profit, while giving an adverse opinion highlighting Par Funding's improper characterization of bad debt expense. Had Pauciulo and Eckert Seamans included a warning about Par Funding's financials in the offering documents, or otherwise followed up with Par Funding regarding subsequent financials and received the adverse opinion, then Plaintiffs and class members would not have invested in the Agent Funds.

b. Merchant Credit Insurance. The offering documents failed to disclose that Par Funding provided no proof of any insurance policies covering merchant defaults, even though Defendants knew that Par Funding and the Agent Funds touted that insurance to investors. Par Funding's merchant credit insurance covered standard accounts receivable, not future accounts receivable. Par Funding learned about this in 2018 but continued to pay premiums for the wrong coverage so that its agents could continue to

use insurance in its marketing materials and offering documents. Defendants were made aware of this. Underscoring the materiality of the merchant insurance and its cover-up, Vagnozzi subsequently lied to investors and said Par Funding's insurance claims had been denied for COVID-related reasons.

c. Securities Registration Violations. The offering documents falsely stated that the Agent Funds' promissory notes were being made pursuant to the private offering exemption within the Securities Act, and therefore did not require registration. Pauciulo and Eckert Seamans knew, among other things, (i) that the Agent Funds were sold through general solicitations and advertisements (including advertisements touting Pauciulo and Eckert Seamans themselves), (ii) that required financial information was not provided to unaccredited investors and (iii) that the ABFP Funds and Gissas Funds exceeded 35 unaccredited investors.

d. Merchant Lawsuits. The offering documents failed to disclose the fact that Par Funding had filed hundreds of lawsuits against merchants seeking hundreds of millions of dollars in defaulted payments, which would have called into question the default rates touted by Par Funding, Vagnozzi, Furman, Gissas and others. Each Defendant knew about these lawsuits, including Pauciulo and Eckert Seamans, which asked for and received this information in due diligence. Since 2013, Par Funding has filed more than 2,000 lawsuits or legal claims against small businesses seeking more than $300 million in missed repayments, including more than 170 lawsuits seeking more than $37 million from Florida-based businesses.

e. Regulatory History. The offering documents failed to disclose Par Funding's regulatory history, including the fact that Pennsylvania, New Jersey, and Texas securities regulators filed actions against Par Funding and issued cease and desist orders relating to MCAs.

It also failed to disclose the regulatory history of Vagnozzi and his agent funds, including (i) an investigation by Pennsylvania securities regulators that resulted in a record fine, (ii) a Texas investigation involving Par Funding and the MCAs and (iii) an investigation by the SEC that began in 2017 and focused on some of the same registration violations as occurred here. Pauciulo and Eckert Seamans knew about the Par Funding and the Vagnozzi-related regulatory actions, and even served as counsel of record in the latter.

f. Par Funding's Involvement. The offering documents failed to disclose that Par Funding was the merchant cash advance company that would receive investors' money. Nor did the offering documents contain any warning that that this unnamed merchant cash advance company may be fraudulent, or that the information provided by Par Funding may be fraudulent or even incorrect.

g. LaForte. The offering documents failed to disclose that although LaForte ran Par Funding, he was not listed as an officer or director of the company. In fact, the documents failed to disclose LaForte at all, including his criminal background of money laundering and larceny. Defendants knew about LaForte's role with Par Funding and his background.

h. Commissions. The offering documents failed to disclose the fact that Par Funding was paying eye-opening and questionable commission rates to the Agent Funds of 20% or more. The merchant cash advance business, not unlike most financing operations, works on high volumes and low margins. These high commission rates call into question the legitimacy of Par Funding's business.

145. Vagnozzi, Furman, Gissas and the Agent Funds consistently and uniformly made the misrepresentations and omissions listed above when marketing to investors.

146. In addition, Vagnozzi, Furman, Gissas and the Agent Funds consistently and uniformly told investors in marketing and advertising materials that Par Funding had a rigorous underwriting process. Contrary to the rigorous underwriting process Par Funding touted to investors, (i) there was no meaningful underwriting of the merchant cash advance loans to determine whether the borrowers had the ability to repay their loans, (ii) Par Funding often approved loans in less than 48 hours, without conducting an on-site inspection of the business; and (iii) Par Funding funded loans without obtaining information showing the business' profit margins, debt schedules, accounts receivable or expenses.

147. Defendants, as promoters, syndicators, underwriters, issuers and sellers of the merchant cash investments, and as fiduciaries, had a duty to truthfully and completely disclose to investors all information that would be material to the purchase of the merchant cash advance investments, including the risks inherent in such investments, but Defendants failed to provide such disclosures.

148. The misrepresentations and omissions alleged here are material, both individually and in the aggregate. A reasonable investor would consider important the misrepresented facts and omitted information. The disclosure of the omitted facts and/or release of accurate information would have altered the "total mix" of information available to investors.

149. Defendants also knew how important information about Par Funding was. Despite the offering documents' representations that the investments involved merchant cash compan*ies*, Par Funding was the only merchant cash advance lender that received investor money. And the Agent Funds were little more than pass-through shell companies. Thus, they knew that should Par Funding default on payments to the Agent Funds, investors would have little recourse to recover lost investments from those Agent Funds.

11. Pauciulo's and Eckert Seamans' Active Participation and Assistance in the Offer and Sale of the Unregistered Securities Through the ABFP Funds and Agent Funds

150. As a partner at Eckert Seamans, Pauciulo served as legal counsel for the Agent Funds. He advised them on numerous matters, including compliance with applicable Federal and State securities laws. Pauciulo is a highly sophisticated securities lawyer, well-versed in the stringent federal and state law provisions regulating the offer and sale of securities to investors.

151. Eckert Seamans touts Pauciulo's expertise and his representation of the Agent Funds on its website, which states that Pauciulo "[r]epresented several individuals in the formation of funds through a private placement to invest in merchant cash advance business." According to Eckert Seamans' website, Pauciulo is the chair of the firm's Financial Transactions Group, a member of the firm's Business Counseling and Regulated Substances groups and "represents and advises clients with respect to corporate, securities, and real estate matters." He "has extensive experience in structuring, negotiating, and documenting complex business transactions, including mergers and acquisitions, corporate finance transactions, real estate acquisition and development projects, and private placements of securities." The website also notes that, "[p]rior to entering private practice, John was a staff attorney with the Securities and Exchange Commission's New York office."

152. Pauciulo has a long-standing 16-year relationship with Vagnozzi and was deeply involved with the Agent Funds from their very inception. Over the years, Eckert Seamans collected hundreds of thousands of dollars in fees from Vagnozzi, ABFP, and the Agent Funds relating to Par Funding. Pauciulo's compensation was based in part on these fees.

153. Pauciulo created the formation documents for the Agent Funds.

154. Pauciulo knew about the misrepresentations and omissions described above. He attended ABFP investment seminars and participated in investor conference calls and other communications with Agent Fund investors. He knew about the uniform statements made in the

marketing materials and advertising created by the Agent Funds concerning risks, expected rates of return, default rates and insurance. Eckert Seamans permitted its name to be used in the marketing material took no steps to correct, clarify or repudiate such statements.

155. Eckert Seamans represented Vagnozzi and ABFP in the Texas and Pennsylvania regulatory actions and did not disclose those actions in the PPMs, did not amend the PPMs to include that information, and knew that the regulatory actions were not disclosed in the advertisements or marketing materials. Pauciulo performed due diligence on Par Funding and was aware of its regulatory history and its manager's criminal record.

156. Pauciulo and Eckert Seamans knew that his clients were engaged in multiple ongoing violations of the applicable federal and state securities laws.

157. Rather than disclosing the ongoing securities violations or withdrawing from further representation, Pauciulo instead created and distributed further misleading PPMs for additional Agent Funds.

158. Pauciulo was further aware of, and knowingly permitted, the Agent Funds' promotion of Eckert Seamans as legal counsel.

159. In sum, Pauciulo was a knowing participant in the ongoing illegal sales of securities, played a substantial role in inducing the illegal sales and lent substantial assistance to an ongoing scheme to mislead investors. Pauciulo knew or should have known that under the standards of the legal profession, a lawyer must not knowingly participating in a client's violation of securities laws. In these circumstances, Pauciulo was professionally obligated to terminate its representation to avoid covering up and assisting the ongoing scheme.

12. The SEC Action

160. On July 24, 2020, the SEC filed an enforcement action against Par Funding, LaForte, McElhone, ABFP, ABFP Management, Vagnozzi, Furman, Gissas and the Agent Funds for numerous

violations of the federal securities laws, alleging they were operating a scheme to raise investor money through fraudulent unregistered securities offerings. The SEC complaint seeks a permanent injunction of the defendants' business operations.

161. On July 27, 2020, the court granted the SEC's motion for appointment of a receiver, and on July 28, 2020, the court granted the SEC's motion for temporary restraining order against the defendants.

162. To date, all but Vagnozzi and the ABFP Funds have consented to a continued injunction.

PLAINTIFF SPECIFIC ALLEGATIONS

163. Plaintiff Henry Barth retired in June 2017 with a pension and a 401(k). He first met Furman in August 2017 in response to an ad on TV from the JD Melberg Financial company about annuities. Furman was the local representative for the West Palm Beach area. In late 2018 after seeing advertisements in the *Palm Beach Post* about Furman's alternative investments, Barth met with him to discuss them. Furman told Barth about the Furman Fund and about merchant cash advances. Furman told Barth that an investment in the Furman Fund was safe and secure. Furman provided Barth with a copy of the offering documents drafted by Pauciulo and Eckert Seamans. Barth reviewed it and relied on it. In April 2019, Barth invested $230,000 in the Furman Fund. He received monthly returns until March 2020, when Furman told him that the underlying merchant cash advance company, Par Funding, had suspended further payments. Barth lost his investment when the SEC brought down Par Funding and the Furman Fund as a result of misrepresentations and omissions in the Furman Fund offering documents.

164. Plaintiff Laurie Haire invested $61,000 with one of the ABFP Funds, Merchant Services Income Fund, in 2019. She was told by a representative, Michael Tierney, that the Fund was safe and secure. She received a copy of the offering documents drafted by Pauciulo and Eckert Seamans. She reviewed it and relied on them. Haire received monthly returns until March 2020, when she received

emails from Vagnozzi that the underlying merchant cash advance company, Par Funding, had suspended further payments. Haire lost her investment when the SEC brought down Par Funding and the ABFP Funds as a result of misrepresentations and omissions in the offering documents.

165. Plaintiffs Robert Montgomery and Lynne Lapidus live in Miami but have a residence in The Villages, Florida. They met John Gissas in 2019 after seeing an advertisement in The Villages' local paper, *The Daily Sun*, about alternative investments. They went to several seminars hosted by Gissas, and visited Gissas at his office. Gissas told them that an investment in the RE Insured Income Fund was safe and secure. He told them that the underlying merchant advances were insured. Gissas provided them with a copy of the offering documents drafted by Pauciulo and Eckert Seamans. Montgomery and Lapidus reviewed and relied on the documents. They invested $350,000 and received monthly returns through July 2020, when the SEC brought down Par Funding and the Agent Funds as a result of misrepresentations and omissions in the offering documents.

166. Plaintiffs Rosalye and Glenn Friedman live in The Villages, Florida. They met John Gissas in 2019 after seeing an advertisement in The Villages' local paper. They went to a seminar hosted by Gissas and visited Gissas at his office. Gissas told them that an investment in the RE Insured Income Fund was safe and secure. He told them that the underlying merchant advances were insured. Gissas provided them with a copy of the offering documents drafted by Pauciulo and Eckert Seamans. The Friedmans reviewed and relied on the documents. They invested a total of $150,000, which they lost when the SEC brought down Par Funding and the Agent Funds as a result of misrepresentations and omissions in the offering documents.

167. Plaintiffs Betti Jane and Anthony Cuomo live in The Villages, Florida. They met John Gissas in late 2018 after seeing an advertisement in The Villages' local paper. They attended a seminar hosted by Gissas and visited Gissas at his office. Gissas told them that an investment in the RE Income Fund was safe and secure. Gissas provided them with a copy of the offering documents drafted by

Pauciulo and Eckert Seamans. The Cuomos reviewed and relied on the documents. They invested $100,100 and received monthly returns until July 2020, when the SEC brought down Par Funding and the Agent Funds as a result of misrepresentations and omissions in the offering documents.

168. Plaintiff Edward Raymond Jannelli lives in New Jersey and often heard Vagnozzi's radio advertisements about merchant cash advances, including Vagnozzi's statement that he "works with one of the largest law firms." In April 2019, Jannelli called the number in the ad and left a message. Myura's office called him back and made an appointment. He met with Myura and a colleague. They told him that an investment in Spartan Income Fund was safe and secure, and that the underlying merchant loans were insured by Allianz (the parent company of Euler Hermes). Myura provided him with a copy of the offering documents drafted by Pauciulo and Eckert Seamans. Jannelli reviewed and relied on the documents. He invested $101,000 and received monthly returns until March 2020, when Vagnozzi wrote to him saying that the underlying merchant cash advance company, Par Funding, had suspended further payments. Jannelli lost his investment when the SEC brought down Par Funding and the Agent Funds as a result of misrepresentations and omissions in the Agent Fund offering documents and Exchange Note.

169. Plaintiff Mark Heron lives in Cary, North Carolina. In 2019, Heron spoke to Vagnozzi about investing in alternative investments. Vagnozzi told him that an investment in ABFP Income Fund 4 was safe and secure. Vagnozzi provided him with a copy of the offering documents drafted by Pauciulo and Eckert Seamans. Heron reviewed and relied on the documents. He invested $80,000 and received monthly returns until March 2020, when Vagnozzi told him that the underlying merchant cash advance company, Par Funding, had suspended further payments. Heron lost his investment when the SEC brought down Par Funding and the Agent Funds as a result of misrepresentations and omissions in the Agent Fund offering documents and Exchange Note.

CLASS ACTION ALLEGATIONS

170. Class Plaintiffs bring this lawsuit as a class action on behalf of themselves and all others similarly situated as members of the proposed Classes described as follows:

> Nationwide Class. All individuals who invested in the Agent Funds within the applicable statute(s) of limitation.
>
> > Vagnozzi Subclass. All individuals who invested in one of the ABFP Agent Funds within the applicable statute(s) of limitation.
> >
> > Furman Subclass. All individuals who invested in one of the Furman Funds within the applicable statute(s) of limitation.
> >
> > Gissas Subclass. All individuals who invested in one of the Gissas Funds within the applicable statute(s) of limitation.

171. The Class is represented by all Class Plaintiffs. The Vagnozzi Subclass is represented by Heron, Haire, and Jannelli. The Furman Subclass is represented by Barth. The Gissas Subclass is represented by Montgomery, Lapdus, the Friedmans and the Cuomos. Excluded from the Classes are the Defendants and their directors, officers, employees, independent contractors, directors, officers, employees, members, managers, spouses, children, relatives, agents or representatives.

172. This action may be maintained as a class action pursuant to Rule 23 of the Federal Rules of Civil Procedure, because it meets all the requirements of Rule 23(a)(1-4), including the numerosity, commonality, typicality and adequacy requirements, and it satisfies the requirements of Rule 23(b)(3) in that the predominance and superiority requirements are met.

173. Numerosity. The members of the Classes are so numerous that joinder of all members is impracticable. The Agent Funds sold securities in the form of promissory notes or limited partnership interests to hundreds of investors. An exact number is unknown at this time, but the answer is contained in investor lists held by the Agent Funds.

174. Commonality. There are numerous questions of fact or law that are common to Class Plaintiffs and all the members of the Classes. Common issues of fact and law predominate over any

issues unique to individual class members. Issues that are common to all class members include, but are not limited to the following:

(a) Whether the Agent Funds' offering documents contained material misrepresentations and omissions;

(b) For the Vagnozzi Subclass, whether the Exchange Notes contained material misrepresentations and omissions;

(c) Whether Defendants owed fiduciary duties to investors;

(d) Whether Defendants breached those fiduciary duties to investors;

(e) Whether Pauciulo and Eckert Seamans had knowledge of breaches of fiduciary duty by Vagnozzi, Furman and Gissas;

(f) Whether Pauciulo and Eckert Seamans substantially assisted the breaches of fiduciary duty by Vagnozzi, Furman and Gissas;

(g) Whether Pauciulo and Eckert Seamans had knowledge of material misrepresentations and omissions by Vagnozzi, Furman and Gissas;

(h) Whether Pauciulo and Eckert Seamans substantially assisted the material misrepresentations and omissions by Vagnozzi, Furman and Gissas; and

(i) Whether Class Plaintiffs and class members suffered damages.

175. Typicality. Class Plaintiffs have claims that are typical of the claims of all of the members of the Class. Class Plaintiffs' claims and all of the class members' claims arise out of uniformly presented misrepresentations and omissions. Furthermore, those claims arise under legal theories that apply to Class Plaintiffs and all other class members.

176. Adequacy of Representation. Class Plaintiffs will fairly and adequately represent the interests of the members of the Classes. Class Plaintiffs do not have claims that are unique to Class Plaintiffs and not the other class members, nor are there defenses unique to Class Plaintiffs that could

undermine the efficient resolution of the claims of the Class. Further, Class Plaintiffs are committed to the vigorous prosecution of this action and have retained competent counsel, experienced in class action litigation, to represent them. There is no hostility between Class Plaintiffs and the unnamed class members. Class Plaintiffs anticipate no difficulty in the management of this litigation as a class action.

177. Predominance. Common questions of law and fact predominate over questions affecting only individual class members. The only individual issues likely to arise will be the amount of damages recovered by each class member, the calculation of which does not bar certification.

178. Superiority. A class action is superior to all other feasible alternatives for the resolution of this matter. Individual litigation of multiple cases would be highly inefficient and would waste the resources of the courts and of the parties. The recoveries sought by Class Plaintiffs and class members are relatively small and unlikely to warrant individual lawsuits given the fees and costs, including expert costs, required to prosecute claims for those fees and premiums.

179. Manageability. This case is well suited for treatment as a class action and easily can be managed as a class action since evidence of both liability and damages can be adduced, and proof of liability and damages can be presented, on a classwide basis, while the allocation and distribution of damages to class members would be essentially a ministerial function.

180. Ascertainability. Class members are readily ascertainable. The Agent Funds keep records with the names and contact information of class members. Those records are in the Receiver's custody.

COUNT I – NEGLIGENT MISREPRESENTATION
(Against All Defendants)

181. Class Plaintiffs incorporate the allegations of paragraphs 1 through 126, 145 through 150, and 161 through 181 as if fully set forth herein.

182. Defendants prepared and/or provided Plaintiffs and class members with offering documents and Exchange Notes that included material misrepresentations and omissions that they knew or should have known were false and/or misleading to investors.

183. Defendants had a duty to exercise reasonable care and competence in communicating information to Class Plaintiffs and class members through the offering documents and/or Exchange Notes.

184. Defendants either knew of the falsity and/or misleading nature of the misrepresentations and omissions or made the misrepresentations and omissions without knowledge of their truth or falsity.

185. Defendants knew and intended that Class Plaintiffs and class members would rely on offering documents in deciding whether to make the initial investment. They knew and intended that Class Plaintiffs and class members would rely on the exchange documents and written statements and videos in deciding whether to execute the Exchange Notes. Class Plaintiffs and class members were the specific class of persons for whose benefit and guidance Defendants intended to supply the information.

186. Class Plaintiffs and class members justifiably relied upon misrepresentations and omissions in deciding whether to invest and deciding whether to invest and/or to enter into the Exchange Notes.

187. Class Plaintiffs and class members' reliance on the misrepresentations and omissions was a substantial factor in causing their harm in an amount to be determined at trial.

188. As a direct and proximate result of Defendants' negligent misrepresentations, Class Plaintiffs and class members have suffered damages in an amount to be determined at trial.

WHEREFORE, Class Plaintiffs, on behalf of themselves and all similarly situated class members, respectfully demand judgment against Defendants for their damages; pre- and post-judgment interest; and/or such other and further relief as the Court deems just and proper.

COUNT II – BREACH OF FIDUCIARY DUTY
(Against Pauciulo and Eckert Seamans)

189. Class Plaintiffs incorporate the allegations of paragraphs 1 through 127 and 132 through 181 as if fully set forth herein.

190. As set forth above, Pauciulo and Eckert Seamans owed fiduciary duties to Class Plaintiffs and class members.

191. Pauciulo and Eckert Seamans gave legal advice directly to the ABFP Funds' investors through a series of videos, that investors should accept the Exchange Notes.

192. Pauciulo and Eckert Seamans also knowingly allowed Vagnozzi, Gissas and Furman to use their names and professional reputations in advertisements, marketing materials, solicitations and offering materials investments.

193. Pauciulo and Eckert Seamans sought to obtain investors' trust and confidence, and investors did repose trust and confidence in Pauciulo and Eckert Seamans.

194. Pauciulo and Eckert Seamans breached their fiduciary duties to investors by (i) failing to disclose or supplement within the offering documents and Exchange Notes that the securities offered by the Agent Funds did not meet registration exemption requirements; (ii) failing to disclose or supplement within the offering documents and Exchange Notes material information they knew about insurance, lawsuits, regulatory actions, the lack of any audited Par Funding financial statements, LaForte's role in Par Funding or LaForte's background; and or (iii) failing to explain to the ABFP Funds' investors that the Exchange Notes included prejudicial releases.

195. As a direct and proximate result of Pauciulo's and Eckert Seamans' breaches of fiduciary duty, Class Plaintiffs and class members have suffered damages in an amount to be determined at trial.

WHEREFORE, Class Plaintiffs, on behalf of themselves and all similarly situated class members, respectfully demand judgment against Pauciulo and Eckert Seamans for their damages; pre- and post-judgment interest; and/or such other and further relief as the Court deems just and proper.

COUNT III – BREACH OF FIDUCIARY DUTY
(Against Vagnozzi)

196. Class Plaintiffs incorporate the allegations of paragraphs 1 through 132, 138 through 150, and 161 through 181 as if fully set forth herein.

197. As set forth above, Vagnozzi owed fiduciary duties to investors in the ABFP Funds.

198. Vagnozzi breached his fiduciary duties to Class Plaintiffs and class members by (i) failing to disclose or supplement within the ABFP offering documents and Exchange Notes that the securities offered by the Agent Funds did not meet registration exemption requirements; and (ii) failing to disclose or supplement within the offering documents and Exchange Notes material information he knew about insurance, lawsuits, regulatory actions, the lack of any audited Par Funding financial statements, releases in the Exchange Notes, LaForte's role in Par Funding or LaForte's background.

199. As a direct and proximate result of Vagnozzi's breaches of fiduciary duty, investors in the ABFP Funds, including Heron, Haire, and Jannelli, have suffered damages in an amount to be determined at trial.

WHEREFORE, Plaintiffs Heron, Haire, and Jannelli, on behalf of themselves and those similarly situated, respectfully demand judgment against Vagnozzi for their damages; pre- and post-judgment interest; and/or such other and further relief as the Court deems just and proper.

COUNT IV – BREACH OF FIDUCIARY DUTY
(Against Furman)

200. Class Plaintiffs incorporate the allegations of paragraphs 1 through 130, 144 through 150, and 161 through 181 as if fully set forth herein.

201. As set forth above, Furman owed fiduciary duties to investors in the Furman Agent Funds.

202. Furman breached his fiduciary duties to Class Plaintiffs and class members by (i) failing to disclose or supplement within the offering documents that the securities offered by the Agent Funds did not meet registration exemption requirements; and (ii) failing to disclose or supplement within the offering documents material information he knew about insurance, lawsuits, regulatory actions, the lack of any audited Par Funding financial statements, LaForte's role in Par Funding or LaForte's background.

203. As a direct and proximate result of Furman's breaches of fiduciary duty, investors in the Furman Funds, including Barth, have suffered damages in an amount to be determined at trial.

WHEREFORE, Plaintiff Barth, on behalf of himself and those similarly situated, respectfully demands judgment against Furman for their damages; pre- and post-judgment interest; and/or such other and further relief as the Court deems just and proper.

COUNT V – BREACH OF FIDUCIARY DUTY
(Against Gissas)

204. Class Plaintiffs incorporate the allegations of paragraphs 1 through 129, 131, 144 through 150, and 161 through 181 as if fully set forth herein.

205. As set forth above, Gissas owed fiduciary duties to investors in the Gissas Funds.

206. Gissas breached his fiduciary duties to Class Plaintiffs and class members by (i) failing to disclose or supplement within the offering documents that the securities offered by the Agent Funds did not meet registration exemption requirements; and (ii) failing to disclose or supplement within the offering documents material information he knew about insurance, lawsuits, regulatory actions, the lack of any audited Par Funding financial statements, LaForte's role in Par Funding or LaForte's background.

207. As a direct and proximate result of Gissas' breaches of fiduciary duty, investors in the Gissas Funds, including Montgomery, Lapidus, the Cuomos and the Friedmans, have suffered damages in an amount to be determined at trial.

WHEREFORE, Plaintiffs Montgomery, Lapidus, the Cuomos and the Friedmans, on behalf of themselves and those similarly situated, respectfully demand judgment against Gissas for their damages; pre- and post-judgment interest; and/or such other and further relief as the Court deems just and proper.

COUNT VI – AIDING AND ABETTING BREACH OF FIDUCIARY DUTY
(Against Eckert Seamans and Pauciulo)

208. Class Plaintiffs incorporate the allegations of paragraphs 1 through 181 and 197 through 208 as if fully set forth herein.

209. Vagnozzi, Furman and Gissas fostered a special relationship with Class Plaintiffs and class members that engendered fiduciary duties of loyalty, care, honesty and/or good faith.

210. Vagnozzi, Furman and Gissas breached those fiduciary duties by (i) failing to disclose or supplement within the offering documents and Exchange Notes that the securities offered by the Agent Funds did not meet registration exemption requirements; and/or (ii) failing to disclose or supplement within the offering documents and Exchange Notes material information they knew about insurance, lawsuits, regulatory actions, the lack of any audited Par Funding financial statements, prejudicial releases in the Exchange Notes, LaForte's role in Par Funding and/or LaForte's background.

211. Eckert Seamans and Pauciulo knew about these breaches of fiduciary duty.

212. Nevertheless, Eckert Seamans and Pauciulo substantially assisted Vagnozzi, Furman and Gissas by, among other things (i) drafting the offering documents, Exchange Notes and registration forms, and (ii) communicating directly to clients and convincing them to sign the Exchange Notes.

213. Eckert Seamans and Pauciulo benefited, earning hundreds of thousands of dollars in fees.

214. As a direct and proximate result of Eckert Seamans and Pauciulo's aiding and abetting the breaches of fiduciary duty, Class Plaintiffs and class members have suffered damages in an amount to be determined at trial.

WHEREFORE, Class Plaintiffs, on behalf of themselves and all similarly situated class members, respectfully demand judgment against Eckert Seamans and Pauciulo for their damages; pre- and post-judgment interest; and/or such other and further relief as the Court deems just and proper.

COUNT VII – FRAUD
(Against Vagnozzi, Furman and Gissas)

215. Class Plaintiffs incorporate the allegations of paragraphs 1 through 126, 145 through 150, and 161 through 181 as if fully set forth herein.

216. As set forth above, Vagnozzi, Furman and Gissas perpetrated a fraud upon Class Plaintiffs and class members through materially false and misleading statements and omissions in connection with the offering and sale of the promissory notes and/or Exchange Notes.

217. Vagnozzi, Furman and Gissas knew the statements to be false, and intended to induce Class Plaintiffs and class members' reliance on those misrepresentations and on the omissions.

218. Class Plaintiffs and class members reasonably relied to their detriment upon those misrepresentations by investing in the promissory notes/limited partnership interests and/or by entering into the Exchange Agreements.

219. As a direct and proximate result of the fraud, Class Plaintiffs and class members have suffered damages in an amount to be determined at trial.

WHEREFORE, Class Plaintiffs, on behalf of themselves and all similarly situated class members, respectfully demand judgment against Vagnozzi, Furman and Gissas for their damages; pre- and post-judgment interest; and/or such other and further relief as the Court deems just and proper.

COUNT VIII – AIDING AND ABETTING FRAUD
(Against Eckert Seamans and Pauciulo)

220. Class Plaintiffs incorporate the allegations of paragraphs 1 through 126, 132 though 181, and 216 through 220 as if fully set forth herein.

221. As set forth above, Vagnozzi, Furman and Gissas perpetrated a fraud upon Class Plaintiffs and class members through materially false and misleading statements and omissions in connection with the offering and sale of the promissory notes and/or Exchange Notes.

222. Vagnozzi, Furman and Gissas knew these statements to be false.

223. Class Plaintiffs and class members reasonably relied to their detriment upon those misrepresentations by investing in the Agent Funds.

224. Investors reasonably relied to their detriment upon those misrepresentations by entering into the Agent Funds' Par Funding investments and/or the Exchange Agreements.

225. Eckert Seamans and Pauciulo knew about the misrepresentations.

226. Nevertheless, Eckert Seamans and Pauciulo substantially assisted Vagnozzi, Furman and Gissas by, among other things (i) drafting the offering documents, Exchange Notes and registration forms, and (ii) communicating directly to clients and convincing them to sign the Exchange Notes.

227. Eckert Seamans and Pauciulo benefited from the scheme, earning hundreds of thousands of dollars in fees.

228. As a direct and proximate result of Eckert Seamans and Pauciulo's aiding and abetting the fraud, Class Plaintiffs and class members have suffered damages in an amount to be determined at trial.

WHEREFORE, Class Plaintiffs, on behalf of themselves and all similarly situated class members, respectfully demand judgment against Eckert Seaman's and Pauciulo for their damages; pre- and post-judgment interest; and/or such other and further relief as the Court deems just and proper.

Date: September 9, 2020.

Respectfully submitted,

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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; 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; 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,

Case No.:

CLASS ACTION COMPLAINT

JURY TRIAL DEMANDED

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;
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.

INTRODUCTION

Plaintiffs Dennis Melchior, Linda Letier, Teresa Kirk-Junod, Robert Hawrylak, Joseph Brock, 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, 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, and Donald Dempsey ("Plaintiffs") bring this Complaint individually and on behalf of all others similarly situated, against Dean Vagnozzi; Albert Vagnozzi; Alec Vagnozzi; Shannon Westhead; Jason Zwiebel; Andrew Zuch; Michael Tierney; Paul Terence Kohler; John Myura; ABetterFinancialPlan.com d/b/a A Better Financial Plan; John W. Pauciulo; 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 (collectively, "Defendants"),[1] and allege as follows upon personal knowledge as to themselves and their own acts and experience, and, as to all other matters, upon information and belief, including investigation conducted by their attorneys.

PRELIMINARY STATEMENT

1. Plaintiffs bring this action pursuant to the federal Racketeer Influenced and Corruption Organizations Act, 18 U.S.C. §§ 1961-68 ("RICO"), and state law claims for negligent misrepresentation, breach of fiduciary duties, conspiracy, fraud, unjust enrichment, aiding and

[1] Pursuant to one or more orders entered by the U.S. District Court for the Southern District of Florida in the case styled *Securities and Exchange Commission v. Complete Business Solutions Group, Inc., et al.*, Case Nos. 9:20-cv-81205 and 1:20-cv-23071 ("SEC Action"), 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 for Plaintiffs' and the proposed Class' claims against any such individuals or entities.

abetting fraud, and aiding and abetting breach of fiduciary duties, to recover millions of dollars' worth of investments by individuals who were fraudulently induced by Defendants to use their hard-earned savings to purchase unsecured securities backed by risky merchant cash advance loans to small businesses.

2. Defendant Dean J. Vagnozzi ("Vagnozzi"), and his corporate alter ego, non-party ABetterFinancialPlan.com LLC d/b/a/ A Better Financial Plan ("ABFP") – through numerous pass-through shell companies dominated and controlled by Vagnozzi – and Defendants John W. Pauciulo ("Pauciulo"),[2] and Eckert Seamans Cherin & Mellott, LLC ("Eckert Seamans," together with Pauciulo, the "Eckert Defendants"), conspired to advertise, market and sell ABFP merchant cash advance investments, which are unregistered securities, as a purportedly safer and more profitable alternative to registered securities like stock and bonds ("Merchant Cash Advance Investments").

3. Vagnozzi is well known in the Greater Philadelphia region for his ubiquitous AM radio advertisements promoting ABFP and its four types of investments – merchant cash advance funds, life settlement funds, litigation funding, and real estate funds. However, Vagnozzi's radio advertisements never mentioned that in May 2019, he agreed to pay a state-record $490,000 to settle charges by the Pennsylvania Department of Banking and Securities that he was selling securities without a license. At the time, Dulcey Antonucci, spokesperson for the Pennsylvania Department of Banking and Securities and Secretary Robin L. Wiessmann, reported: "This is the largest settlement with an individual in department history."[3] The investments that the Pennsylvania Bureau of Securities Compliance and Examinations charged Vagnozzi for selling

[2] All of Plaintiffs' allegations against Pauciulo are limited to his involvement in the scheme alleged herein in his capacity as partner at Eckert Seamans.
[3] Joseph N. DiStefano, "Record Pa. fines against broker Vagnozzi, Philly's Par Funding," Philadelphia Inquirer (July 27, 2019), https://www.inquirer.com/business/par-funding-20190727.html

Case 2:20-cv-05562-MRP Document 1 Filed 11/06/20 Page 5 of 175

through ABFP without proper registration consist of high-interest notes issued by a Philadelphia-based small-business lending company, Complete Business Solutions Group, Inc. d/b/a Par Funding ("Par Funding").[4]

4. Vagnozzi and ABFP also failed to disclose to prospective investors the fact that in February 2020, the Texas Securities Board issued an Emergency Cease-And-Desist Order against ABFP for fraud violations in connection with its offer and sale of ABFP Merchant Cash Advance Investments.

5. Nor did Vagnozzi's ABFP radio ads and other marketing to potential investors ever disclose the nearly $500,000 settlement he entered into with the SEC on July 14, 2020, after a lengthy investigation, "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…."[5] These penalties arose from Vagnozzi's and ABFP's promotion and sale of millions of dollars of illegal unregistered investment funds, named Pillar 1 through 8, comprised of ownership interests in life settlement contracts during the period from April 2013 through August 2017. In addition, from May 2018 through September 2018, Vagnozzi (through ABFP) acted as an unregistered broker and earned transaction-based compensation by raising funds for a separate entity, Fallcatcher, Inc., without being associated with a registered broker-dealer in violation of Section 15(a) of the Exchange Act.[6] Prior violations of state and federal securities laws by Vagnozzi and ABFP are unrelated to the SEC action filed on July 24, 2020 (the "SEC Action"). *See Securities and Exchange Commission*

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[4] *Id.*
[5] *See* Order Instituting Administrative and Cease-And-Desist Proceedings Pursuant to Section 8A of the Securities Act Of 1933, Sections 15(b) and 21C of the Securities Exchange Act of 1934, Making Findings, And Imposing Remedial Sanctions and a Cease-And-Desist Order (SEC).
[6] *Id.*

v. Complete Business Solutions Group, Inc., et al., Case Nos. 9:20-cv-81205 and 1:20-cv-23071 ("SEC Action").

6. Non-party Par Funding, also a defendant in the SEC Action, offers fast money to small-business owners like truckers or restaurateurs at interest rates as high as 400%. Par Funding gets around lending regulations by claiming that they are not making loans, but instead are buying the revenue a business will generate in the future at a discount. According to a Bloomberg News article, this "new industry is in some ways a reincarnation of the loan-sharking rackets of a bygone era. Cash-advance companies use a legal document called a confession of judgment to stack the deck against borrowers, just as payday lenders did a century ago. Small-business lending was once infiltrated by the mob. Today it's again a magnet for crooks, including some with alleged ties to organized crime."[7]

7. The controller of Par Funding, Joseph LaForte ("LaForte"), goes by the aliases "Joe Mack," "Joe Macki," and "Joe McElhone," in an effort to conceal his identity as a twice-convicted felon. LaForte founded Par Funding with his wife, Lisa McElhone ("McElone") in 2011 "after serving more than two years in prison for stealing $14 million in a real estate scam and running an illegal gambling operation."[8]

8. The complaint filed by the SEC on July 24, 2020 ("SEC Complaint"), alleges that Par Funding, LaForte and McElhone "operateabfp income fund 4 a scheme wherein they raise investor money through unregistered securities offerings." According to the SEC Complaint, "[f]rom August 2012 until approximately December 2017, Par Funding primarily issued

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[7] Zachary R. Mider and Zeke Faux, "Fall Behind on These Loans? You Might Get a Visit From Gino," Bloomberg News, December 20, 2018, https://www.bloomberg.com/graphics/2018-confessions-of-judgment-visit-from-gino/

[8] *Id.*

promissory notes and offered them to the investing public directly and through a network of sales agents," which included Defendant Vagnozzi.[9] However, the SEC Complaint contends that "[t]his 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."[10]

9. In September 2018, Par Funding falsely claimed that it had terminated its agreements with its unregistered sales agents. In truth, Par Funding had identified a new way to fuel its loans using so-called "Agent Funds" exclusively created to sell their own promissory notes to the investing public through unregistered securities offerings. The Agent Funds are compensated by Par Funding through Par Funding promissory notes that offer higher rates of return than those offered by the Agent Funds' notes, which the Agent Funds must pay to investors.[11]

10. Defendant Vagnozzi, through his alter ego companies Defendant ABFP and non-party ABFP Management Company, LLC, recruits individuals to create the Agent Funds, offering them the opportunity to open a "turnkey" Agent Fund ready to issue and sell securities, equipped with training, marketing materials, and an "Agent Guide," as well as a Private Placement Memorandum, corporate registration, and offering materials created by Pauciulo in his capacity as a partner of Eckert Seamans and as longtime counsel to Vagnozzi and ABFP. The Agent Funds are managed by Vagnozzi through his company ABFP Management Company, LLC, and are monitored and coordinated by his associate, Perry S. Abbonizio. Vagnozzi operates Agent Funds which issue, offer, and sell unregistered securities in the form of purported promissory notes and limited partnership interests to investors.[12]

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[9] *See* SEC Complaint.
[10] *Id.*
[11] *Id.*
[12] *Id.*

11. In order to carry out their fraudulent scheme, Defendants created and disseminated false and misleading radio advertisements and engaged in deceptive in-person solicitations in order to persuade individuals, including retirees and others on fixed incomes, to purchase merchant cash investments pursuant to false and misleading Private Placement Memoranda and Subscription Agreements with a series of Delaware limited liability companies and limited partnerships that were formed, promoted and syndicated by Defendants.

12. At all times relevant to this action, Defendant Vagnozzi falsely represented to the investing public that the ABFP Merchant Cash Advance Investments were safer than anything available on Wall Street, claiming:

> I make ZERO guarantees. Never have. But the 4 investments we have offer higher returns with ***less risk than anything you can find on wall-street*** and without using annuities. It is that simple…. We have a few investments that traditionally require a lot of capital to get involved with…which is why you won't find them at Vanguard….or any other traditional cookie cutter advisor.[13]

(emphasis added). Defendant Pauciulo, in his capacity as a partner of Eckert Seamans and as longtime counsel to Vagnozzi and ABFP, has attended numerous ABFP investment seminars and participated in investor conference calls and other communications with ABFP investors, and thus, would have been aware of this and similar statements concerning risks and expected returns of the ABFP investments (including merchant cash advance funds, life settlement funds, litigation funding, and real estate funds). However, given the continued existence of such advertisements, it is apparent that Pauciulo and Eckert Seamans did not take any measures to correct or repudiate such statements.

[13] Post by Dean Vagnozzi,*White Coat Investor* (Apr. 8, 2019), available at https://www.whitecoatinvestor.com/forum/personal-finance-and-budgeting/4957-has-anyone-experience-with-dean-vagnozzi-039-s-financial-plan/page5

13. Vagnozzi has regularly made countless similar statements concerning the purported low-risk and relative safety of investments in ABFP funds through radio advertisements, investing seminars with free steak dinners, and even in interviews with reporters. By way of example, Vagnozzi's radio ads for ABFP merchant cash investments state: "Every single one of those investors earns a 10 percent annual return with their interest check deposited into their bank account on the same day every month and all of their principal is return to them after just one year."[14] It is likely that Defendants Pauciulo and Eckert Seamans, given their position as longtime counsel to Vagnozzi and ABFP, and in view of Paucilo's attendance at ABFP investment seminars, participation in investor conference calls and other communications with ABFP investors, would have been aware of this and many other advertisements for ABFP's investment offerings. Yet, given the persistence of such advertisements, it is apparent that Pauciulo and Eckert Seamans took no steps to correct or repudiate such statements.

14. Defendant Vagnozzi would have been unable to carry out his fraudulent scheme without the counsel and assistance of long-time co-conspirators Pauciulo and Eckert Seamans, who have advised Vagnozzi and the ABFP entities for more than 16 years. By creating, preparing and disseminating sophisticated Private Placement Memoranda and Subscription Agreements for the ABFP investments signed by Plaintiffs and the Class, as well as the underlying promissory notes between ABFP and Par Funding, Pauciulo and Eckert Seamans have given Vagnozzi and ABFP the veneer of being a financially stable, trustworthy method of investing with minimum risk potential.

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[14] Joseph N. DiStefano, "Record Pa. fines against broker Vagnozzi, Philly's Par Funding," Philadelphia Inquirer (July 27, 2019), https://www.inquirer.com/business/par-funding-20190727.html

15. Indeed, Vagnozzi's relentless boasting in ABFP's advertising, seminars, and other public forums of his long-time affiliation with Eckert Seamans and the firm's key role in creating the ABFP investments lends credibility to these high risk, unregistered investment vehicles:

> ***We worked with one of Philadelphia's largest law-firms*** [sic] to put an infrastructure together to allow like minded [sic] investors the opportunity to pool their money to take advantage of these ***proven investments that have historically delivered much better returns with a lot less risk***. Simple [sic]. Traditional advisors are restricted by a broker dealer [sic] telling them what they can offer their clients. I am not restricted. I am NOT a stock broker.[15]

(emphasis added)..

16. For his part, Defendant Pauciulo has publicly acknowledged his role in creating the ABFP investments, Private Placement Memoranda, and Subscription Agreements. However, these trappings of financial establishment are nothing more than a sham. In reality, the underlying merchant cash advance agreements were the lowest grade paper imaginable.

17. As part of their sales pitch, Defendants routinely provided prospective investors with information sheets that falsely represented, *inter alia,* that the Merchant Cash Advance Investments were insured and that the underlying merchant cash loans had a default rate of only 1.38%:

Merchant Cash Advance

- **Interest paid monthly**
- **Principal returned in 1, 2 or 3 years**
- **Portfolio insured**
- **1.38% default rate**

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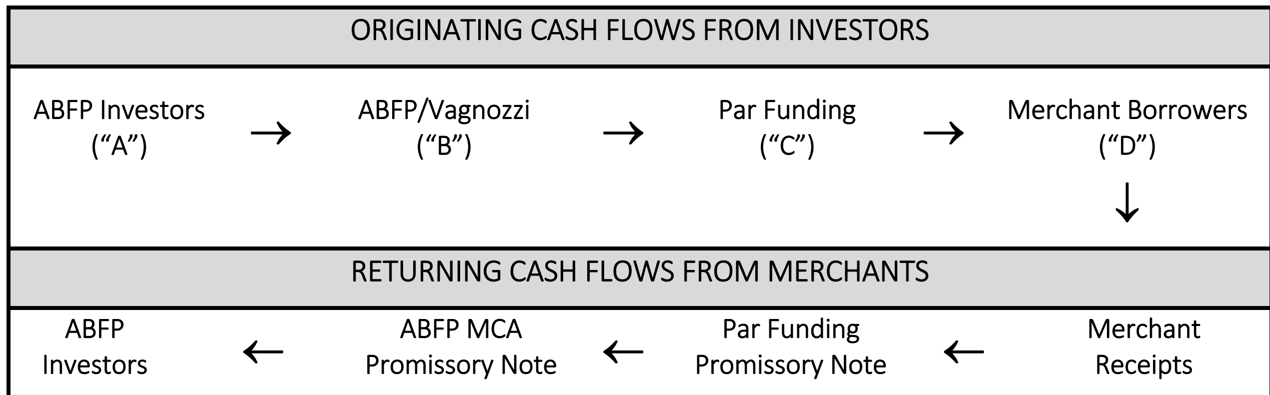
[15] Post by Defendant Vanozzi on "White Coat Investor," on April 8, 2019, https://www.whitecoatinvestor.com/forum/personal-finance-and-budgeting/4957-has-anyone-experience-with-dean-vagnozzi-039-s-financial-plan/page5

18. The information sheet quoted above also included a table outlining tiered rates of return based on the amounts invested, which Defendants used to induce Plaintiffs and the Class to make larger investments:

$100k – $250k	**$250k - $500k**	**$500k+**
10%	**12%**	**14%**

19. Although Defendants publicly claimed that merchant cash borrowers of Par Funding defaulted at rates as low as 1%, the SEC Complaint reveals that the true rate of default was at least 10%. This is further supported by the growing number of lawsuits commenced by Par Funding against its borrowers. Indeed, according to the SEC Complaint, Par Funding had filed over 1,000 lawsuits seeking more than $145 million in missed payments by November 2019, and more than 1,200 lawsuits seeking $150 million in delinquent payments by January 2020.

20. The following diagram illustrates the financial structure of the unsecured and unregistered ABFP Merchant Cash Advance Investments:



21. As the Merchant Borrowers ("D" in the above diagram) defaulted on their Merchant Cash Advance Agreements, cash flow to Par Funding ("C" in the diagram) was cut off, causing Par Funding to default on promissory notes to ABFP ("B" in the diagram), and, like falling dominos, causing ABFP to stop making monthly interest payments to investors like Plaintiffs and

the Class ("A" in the diagram).

22. With thousands of defaults during 2019 and early 2020, Par Funding's business was in a death spiral months before COVID-19 mandated the closure of businesses in mid-March 2020. Even so, the COVID-19 shutdown provided Defendants with the opportunity to belatedly disclose Par Funding's failing business and halt investors' monthly interest payments, which Par Funding's lending operations could no longer support.

23. In response to the collapse of its merchant cash advance business, Par Funding has made a largely futile attempt to recoup its merchant cash loans by filing thousands of confessions of judgment against the merchant borrowers. As these confessions of judgment typically force the small businesses to seek bankruptcy protection, Par Funding's merchant cash advance loans are ultimately rendered uncollectible.

24. Panic ensued among ABFP investors following the decision to terminate interest payments in early March 2020. At around that same time, Vagnozzi released a video to ABFP investors to assuage these concerns, falsely assuring ABFP investors that they had nothing to worry about and he would receive money from Par Funding to resume monthly interest payments. Less than two weeks later, in late March 2020, Vagnozzi admitted to the same investors that Par Funding was insolvent but that he was working with his attorney on deal with Par Funding to restructure the ABFP investments so that investor payments could resume ("Exchange Notes Offerings").

25. Notwithstanding Par Funding's acknowledged illiquidity, by the end of April 2020, Vagnozzi had successfully fraudulently induced most of his investors to enter into so-called Exchange Notes Offerings in conjunction with a restructuring of ABFP's agreements with Par Funding. Under the Exchange Notes Offerings, ABFP Merchant Cash Advance investors would receive 4% interest payments instead of the promised 10% interest, and the repayment of principal

would be delayed from the promised 1-year term to 7 years. For ABFP investors, who include elderly and/or disabled persons on fixed incomes, the payment terms of the Exchange Notes Offerings were an unmitigated disaster. As time went on, however, it became clear that the Exchange Notes Offerings were nothing more than a sham. After making only two reduced monthly interest payments to investors in June and July 2020, Defendants defaulted on the Amended and Restated Notes and breached the Exchange Notes Agreements between ABFP and investors.

26. Thereafter, on July 27, 2020, the U.S. District Court for the Southern District of Florida entered an order granting the SEC's *Ex Parte* Motion for the Appointment of a Receiver over the corporate Defendants in the SEC Action, including Par Funding, ABFP, ABFP Management, ABFP Income Fund, LLC, and the ABFP Income Funds. (the "Receivership Entities").[16] Pursuant to the July 27 order, the Receiver took custody, control, and possession of all Receivership Entities. As reported in The Philadelphia Inquirer, "[t]he receiver, Florida lawyer Ryan Stumphauzer, locked out the principals of Par Funding and of King of Prussia company A Better Financial Plan, among others, over the weekend, court filings show."[17] In addition, "the court froze 35 bank and brokerage accounts associated with various defendants." The asset freeze extends to assets of A Better Financial Plan and two of its funds that invested in Par Funding. It was said in a court filing to have $24.5 million in one of those funds and $13.3 million in the other."[18]

[16] *See SEC v. CBSG, Inc., et al*, No. 9:20-cv-81205-RAR, at Dkt. 36 (July 27, 2020).
[17] Erin Arvedlund, "Par Funding, A Better Financial Plan offices taken over by receiver, locks changed," The Philadelphia Inquirer (Aug. 5, 2020).
[18] *Id*.

27. On July 31, 2020, FBI agents raided the Philadelphia offices of Par Funding in order to execute search warrants.[19] Then, on August 7, 2020, the FBI arrested LaForte and took custody of LaForte's private plane, $2.5 million in cash found hidden in bundles at his properties, and a $10 million bank account controlled by LaForte and his wife.[20] It was reported that LaForte, in speaking to undercover FBI agents, "allegedly laid out his plan to fly bulk shipments of cash obtained through Par Funding, to the tiny Caribbean island of Nevis" where "he hoped to buy himself citizenship and keep his money out of the reach of investigators in the United States."

28. Defendants' fraudulent merchant cash advance investment scheme has compromised every investment sold by ABFP, including (ABFP Multi-Strategy Fund, LP; ABFP Multi-Strategy Fund 2, LP; 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., and Pillar 8 Life Settlement Fund, L.P. (the "ABFP Life Settlement Funds"), Atrium Legal Capital, LLC, Atrium Legal Capital 2, LLC, Atrium Legal Capital 3, LLC, and Atrium Legal Capital 4, LLC (the "ABFP Litigation Funding Investments"), ABFP real estate investments (including Woodland Falls Investment Fund, LLC), and other alternative asset investments (including Fallcatcher, Inc. and Promed Investment Co., L.P.), and left investors in these funds with dubious prospects of recouping their principal, let alone receiving the double-digit returns that Defendants promised.

29. While ABFP investors have been left out in the cold, Defendant Vagnozzi and his associates have profited handsomely from his sales of ABFP investments and as an agent raising

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[19] Erin Arvedlund, Joseph N. DiStefano and Jeremy Roebuck, "FBI raided Par Funding offices in Philly as part of $500 million fraud investigation," The Philadelphia Inquirer (July 31, 2020).

[20] Jeremy Roebuck, "Feds: Philly-based cash advance tycoon threatened to flee country with millions in his private plane before his arrest," The Philadelphia Inquirer (Aug. 11, 2020).

funds for Par Funding. According to Defendant Pauciulo, Vagnozzi-related sales were "by far the largest" of Par's agents in Pennsylvania, Arizona, Delaware, Florida, New Jersey, Texas and Virginia, who were listed in Par's SEC filing earlier this year.[21] According to the SEC filing, the agents, including Vagnozzi, were paid a total of $3.6 million in "finder's fees" for locating buyers of securities for Par Funding. However, Defendant Pauciulo is quoted as saying that Vagnozzi's share of those fees are only "a fraction of what he has made" from the sale of other investments.[22]

JURISDICTION AND VENUE

30. This Court has subject-matter jurisdiction over this dispute pursuant to 28 U.S.C. § 1331 based on Plaintiffs' claims for violations of the Racketeer Influenced and Corruption Organizations Act, 18 U.S.C. §§ 1961-68. The Court has subject-matter jurisdiction over Plaintiffs' state-law claims because they are so related to Plaintiffs' federal claims that they form part of the same case or controversy under Article III of the United States Constitution.

31. Venue is proper in this District pursuant to 28 U.S.C. § 139l(b)(2) because a substantial part of the events or omissions giving rise to this action occurred here. In addition, many of the Plaintiffs' Subscription Agreements with ABFP contains a forum selection provision providing for disputes to be adjudicated within this District.

32. Each Defendant is subject to the personal jurisdiction of this Court because each Defendant has voluntarily subjected itself/himself/herself to the jurisdiction of this Court; regularly transacts business within this District, and/or has purposefully availed himself of the jurisdiction of this Court for the specific transactions at issue.

[21] Joseph N. DiStefano, "Record Pa. fines against broker Vagnozzi, Philly's Par Funding," Philadelphia Inquirer (July 27, 2019), https://www.inquirer.com/business/par-funding-20190727.html
[22] *Id*.

PARTIES

Plaintiffs

33. Plaintiff Dennis Melchior is an adult individual and a resident and domiciliary of the Commonwealth of Pennsylvania who maintains his principal residence in Kennett Square, Chester County. During the Class Period, Plaintiff invested in unregistered securities that were promoted and offered by Defendants.

a. Pursuant to a materially false and misleading Private Placement Memorandum and Subscription Agreement, on or about June 4, 2019, Plaintiff purchased $300,000 of unregistered securities in the form of a so-called "Class C Promissory Note" issued by ABFP Income Fund, LLC. Under the terms of this investment, Defendants were obligated to make payments to Plaintiff in the amount of $3,000 a month commencing on July 13, 2019 and continuing until June 13, 2020, and Plaintiff's principal was to be repaid in full on or before June 10, 2020. In March 2020, Defendants defaulted on the investment and breached the Subscription Agreement.

b. In April 2020, Plaintiff Melchior was fraudulently induced by Defendants, including Vagnozzi, Pauciulo, and Eckert Seamans, to enter into the sham ABFP Income Fund Exchange Offering, through which he acquired worthless Amended and Restated Notes issued by ABFP Income Fund Parallel, LLC. After making only two reduced monthly interest payments, Vagnozzi, ABFP, ABFP Management, ABFP Income Fund, LLC and ABFP Income Fund Parallel, LLC defaulted on the Amended and Restated Notes

and breached the Exchange Agreement between ABFP Income Fund, LLC, ABFP Income Fund Parallel, LLC and Plaintiff Melchior.

c. To date, Defendants have failed to repay Plaintiff any of his principal in this investment. Plaintiff has been damaged as a direct and proximate result of Defendants' fraudulent scheme alleged herein.

34. Plaintiff Teresa Kirk-Junod is an adult individual who is a resident and domiciliary of the Commonwealth of Pennsylvania and maintains her principal residence in Churchville, Bucks County. During the Class Period, Plaintiff invested in unregistered securities that were promoted and offered by Defendants.

a. Pursuant to a materially false and misleading Private Placement Memorandum and Subscription Agreement, on or about November 7, 2019, Ms. Kirk-Junod purchased $100,000 of unregistered securities in the form of promissory notes in Pisces Income Fund LLC. Under the terms of this investment, Defendants were obligated to make payments to Plaintiff in the amount of $833.33 a month commencing on February 29, 2020, and continuing until January 30, 2021, and Plaintiff's principal was to be repaid in full on or before January 25, 2021. In March 2020, Defendants defaulted on the investment and breached the Subscription Agreement.

b. In April 2020, Ms. Kirk-Junod was fraudulently induced by Defendants, including Vagnozzi, Pisces Income Fund LLC, Pisces Income Fund Parallel LLC, Pauciulo and Eckert Seamans, to enter into the sham Pisces Income Fund Exchange Offering, through which she acquired worthless Amended and Restated Notes issued by Pisces Income Fund Parallel LLC. After making only two reduced monthly interest payments, Defendants, including Vagnozzi, Pisces Income Fund LLC and Pisces Income

Fund Parallel LLC, defaulted on the Amended and Restated Notes and breached the Exchange Agreement between Pisces Income Fund LLC, Pisces Income Fund Parallel LLC and Plaintiff Kirk-Junod.

c. To date, Defendants have failed to repay Plaintiff any of her principal in this investment. Plaintiff has been damaged as a result of Defendants' fraudulent scheme alleged herein.

35. Plaintiff Linda Letier is an adult individual who is a resident and domiciliary of the Commonwealth of Pennsylvania and maintains her principal residence in Kennett Square, Chester County. During the Class Period, Plaintiff invested in unregistered securities that were promoted and offered by Defendants.

a. Pursuant to a materially false and misleading Private Placement Memorandum and Subscription Agreement, on April 2, 2019, Letier purchased $125,000 of unregistered securities in the form of promissory notes in ABFP Income Fund 3, LLC. Under the terms of this investment, Letier expected to receive a 10% annual return in the form of 12 monthly payments in the amount of $ 1,041.00, and repayment of her principal in March 2020.

b. On November 6 and 7, 2019, Letier invested $261,000 in the Pisces Income Fund LLC. Pursuant to the terms of the Private Placement Memorandum and Subscription Agreement, Letier expected to receive a 12% annual return in the form of 12 monthly payments in the amount of $2,610, and repayment of her principal in November 2020. In

March 2020, Defendants defaulted on these investments and breached the Subscription Agreements.

c. In April 2020, Plaintiff Letier was fraudulently induced by Defendants, including Vagnozzi, Pauciulo and Eckert Seamans, to enter into the sham ABFP Income Fund 3 Parallel, LLC and Pisces Income Fund Exchange Offerings, through which she acquired worthless Amended and Restated Notes issued by ABFP Income Fund 3 Parallel, LLC and Pisces Income Fund Parallel LLC.

d. After making only two reduced monthly interest payments in June and July 2020, Vagnozzi, ABFP Income Fund 3, LLC, ABFP Income Fund 3 Parallel, LLC, Pisces Income Fund LLC and Pisces Income Fund Parallel LLC, defaulted on the Amended and Restated Notes and breached the Exchange Note Agreements between ABFP Income Fund 3, LLC, ABFP Income Fund 3 Parallel, LLC, Pisces Income Fund LLC, Pisces Income Fund Parallel LLC and Plaintiff Letier.

e. To date, Defendants have failed to repay Plaintiff any of her principal in these investments. Plaintiff has been damaged as a result of Defendants' fraudulent scheme alleged herein.

36. Plaintiff Robert Hawrylak is an adult individual who is a resident and domiciliary of the Commonwealth of Pennsylvania and maintains his principal residence in Upper Chichester, Delaware County. During the Class Period, Plaintiff invested in unregistered securities that were promoted and offered by Defendants.

a. Pursuant to a false and misleading Private Placement Memorandum and Subscription Agreement, on or about April 18, 2019, Mr. Hawrylak purchased $50,000 of unregistered securities in the form of promissory notes issued by Spartan Income Fund,

Case 2:25-cv-05562-MRP Document 1-1 Filed 10/06/20 Page 20 of 175

LLC. Under the terms of this investment, Defendants were obligated to make payments to Plaintiff in the amount of $333.33 a month commencing on June 13, 2019, and continuing until May 13, 2020, and Plaintiff's principal was to be repaid in full on or before May 10, 2020. In March 2020, Defendants defaulted on the investment and breached the Subscription Agreement.

b. In April 2020, Plaintiff Hawrylak was fraudulently induced by Defendants, including Vagnozzi, Spartan Income Fund, LLC, Spartan Income Fund Parallel LLC, Pauciulo and Eckert Seamans, to enter into the sham Spartan Income Fund Exchange Offering, through which he acquired worthless Amended and Restated Notes issued by Spartan Income Fund Parallel LLC. After making only two reduced monthly interest payments, Defendants, including Vagnozzi, Spartan Income Fund LLC and Spartan Income Fund Parallel LLC, defaulted on the Amended and Restated Notes and breached the Exchange Notes Agreement between Spartan Income Fund LLC, Spartan Income Fund Parallel LLC and Plaintiff Hawrylak.

c. To date, Defendants have failed to repay Plaintiff any of his principal in this investment. Plaintiff has been damaged as a result of Defendants' fraudulent scheme alleged herein.

37. Plaintiff Joseph F. Brock, Jr. is an adult individual who is a resident and domiciliary of the State of Michigan and who maintains his principal residence in Richland, Kalamazoo County. During the Class Period, Plaintiff invested in unregistered securities that were promoted and offered by Defendants.

a. Pursuant to a materially false and misleading Private Placement Memorandum dated March 1, 2019 and Subscription Agreement, on or about March 19,

2019, Plaintiff Brock used qualified retirement funds to purchase $200,000 of unregistered securities in the form of two so-called "Class B" promissory notes issued by ABFP Income Fund 3, LLC. Under the terms of this investment, Defendants were obligated to make payments to Plaintiff in the amount of $1,666.66 (*i.e.*, $833.33 x 2) a month commencing on April 28, 2019, and continuing until March 28, 2020, and Plaintiff's principal was to be repaid in full on or before March 25, 2020. In March 2020, Defendants defaulted on the investment and breached the Subscription Agreement.

b. In April 2020, Plaintiff Brock was fraudulently induced by Defendants, including Vagnozzi, ABFP, ABFP Management, ABFP Income Fund 3, LLC, and ABFP Income Fund 3 Parallel, LLC, Pauciulo, and Eckert Seamans, to enter into the sham ABFP Income Fund 3 Exchange Offering, through which he acquired worthless Amended and Restated Notes issued by ABFP Income Fund 3 Parallel, LLC. After making only two reduced monthly interest payments, Defendants, including Vagnozzi, ABFP, ABFP management, ABFP Income Fund 3, LLC and ABFP Income Fund 3 Parallel, LLC, defaulted on the Amended and Restated Notes and breached the Exchange Agreement between ABFP Income Fund 3, LLC, ABFP Income Fund 3 Parallel, LLC and Plaintiff Brock.

c. Pursuant to a materially false and misleading Private Placement Memorandum and Subscription Agreement, in 2010, Plaintiff Brock used qualified

retirement funds to] purchase $169,000 of unregistered securities in the form of limited partnership interests issued by Pillar Life Settlement Fund I, L.P.

d. To date, Defendants have failed to repay Plaintiff Brock any of his principal in these investments. Plaintiff has been damaged as a result of Defendants' fraudulent scheme alleged herein.

38. Plaintiff Raymond G. Heffner is an adult individual who is a resident and domiciliary of the Commonwealth of Pennsylvania and who maintains his principal residence in Philadelphia, Philadelphia County. During the Class Period, Plaintiff invested in unregistered securities that were promoted and offered by Defendants.

a. Pursuant to a materially false and misleading Private Placement Memorandum and Subscription Agreement, on or about August 21, 2019, he used qualified retirement funds to purchase $530,000 of unregistered securities in the form of a so-called "Class C Promissory Note" issued by ABFP Income Fund 4, LLC. Under the terms of this investment, Defendants were obligated to make payments to Plaintiff in the amount of $6,183.33 a month commencing on October 15, 2019 and continuing until September 15, 2022, and Plaintiff's principal was to be repaid in full on or before September 10, 2022. In March 2020, Defendants defaulted on the investment and breached the Subscription Agreement.

b. In April 2020, Plaintiff Heffner was fraudulently induced by Defendants, including Vagnozzi, ABFP, ABFP Management, ABFP Income Fund 4, LLC, and ABFP Income Fund 4 Parallel, LLC, Pauciulo, and Eckert Seamans, to enter into the sham ABFP Income Fund 4 Exchange Offering, through which he acquired worthless Amended and Restated Notes issued by ABFP Income Fund 4 Parallel, LLC. After making only two

reduced monthly interest payments, Defendants, including Vagnozzi, ABFP, ABFP management, ABFP Income Fund 4, LLC and ABFP Income Fund 4 Parallel, LLC, defaulted on the Amended and Restated Notes and breached the Exchange Notes Agreement between ABFP Income Fund 4, LLC, ABFP Income Fund 4 Parallel, LLC and Plaintiff Heffner.

c. To date, Defendants have failed to repay Plaintiff any of his principal in this investment. Plaintiff has been damaged as a result of Defendants' fraudulent scheme alleged herein.

39. Plaintiff John Madden is an adult individual who is a resident and domiciliary of the State of Texas who maintains his principal residence in Katy, Fort Bend County. Pursuant to a materially false and misleading Private Placement Memorandum and Subscription Agreement, in or around early 2013, he used qualified retirement funds to purchase $100,000 of unregistered securities in the form of limited partnership interests issued by Pillar 3 Life Settlement Fund, L.P. To date, Defendants have failed to repay Plaintiff any of his principal in this investment. Plaintiff has been damaged as a result of Defendants' fraudulent scheme alleged herein.

40. Plaintiff Thomas D. Green is an adult individual who is a resident and domiciliary of the State of New Jersey and who maintains his principal residence in Pennsauken, Camden County. During the Class Period, Plaintiff Thomas D. Green invested in unregistered securities that were promoted and offered by Defendants.

a. Pursuant to a materially false and misleading Private Placement Memorandum and Subscription Agreement, on or about March 15, 2019, Plaintiff Thomas Green used qualified retirement funds to purchase $620,000 of unregistered securities in the form of a so-called "Class E Promissory Note" issued by ABFP Income Fund, LLC.

Under the terms of this investment, Defendants were obligated to make payments to Plaintiff in the amount of $7,750 a month commencing on April 28, 2019 and continuing until March 28, 2020, and Plaintiff's principal was to be repaid in full on or before March 25, 2020. In March 2020, Defendants defaulted on the investment and breached the Subscription Agreement.

b. Pursuant to a materially false and misleading Private Placement Memorandum and Subscription Agreement, on or about June 15, 2018, Plaintiff Thomas Green purchased $100,000 of unregistered securities in the form of promissory notes issued by Atrium Legal Capital, LLC. Under the terms of this investment, Defendants were obligated to repay Plaintiff's principal plus interest (accrued at an annual rate of 14%) for 4 years, with the sum of $168,896.02 due on or before June 15, 2022.

c. Pursuant to a materially false and misleading Private Placement Memorandum and Subscription Agreement, on or about August 30, 2018, Plaintiff Thomas Green used qualified retirement funds to purchase $100,000 of unregistered securities in the form of shares of common stock issued by Fallatcher, Inc., a Delaware corporation.

d. Pursuant to a materially false and misleading Private Placement Memorandum and Subscription Agreement, in or around 2010, Plaintiff Thomas Green purchased $100,000 of unregistered securities in the form of shares of a limited partnership issued by Pillar Life Settlement Fund I, L.P.

e. Pursuant to a materially false and misleading Private Placement Memorandum and Subscription Agreement, in or around 2014, Plaintiff Thomas Green

purchases $211,000 of unregistered securities in the form of limited partnership interests issued by Pillar 4 Life Settlement Fund, L.P.

f. Pursuant to a materially false and misleading Private Placement Memorandum and Subscription Agreement, on or about May 13, 2020, Plaintiff Thomas Green qualified retirement funds to purchase $100,000 of unregistered securities in the form of limited partnership interests issued by Promed Investment Co., L.P., a Delaware limited partnership of which Defendant Vagnozzi is the sole member.

g. Pursuant to a materially false and misleading Private Placement Memorandum and Subscription Agreement, on or about October 7, 2019, Plaintiff Thomas Green qualified retirement funds to purchase $100,000 of unregistered securities in the form of limited partnership interests issued by Woodland Falls Investment Fund, LLC, a Delaware limited liability company of which Defendant Vagnozzi is the sole member.

h. In all, Thomas Green invested $1,331,000 in unregistered securities promoted and sold by Defendant Vagnozzi, but Defendants have failed to repay any of his principal in these investments. Plaintiff has been damaged as a result of Defendants' fraudulent scheme alleged herein.

41. Plaintiff Maureen A. Green, the wife of Plaintiff Thomas D. Green, is an adult individual who is a resident and domiciliary of the State of New Jersey and who maintains her principal residence in Pennsauken, Camden County.

a. Pursuant to a materially false and misleading Private Placement Memorandum and Subscription Agreement, on or about March 4, 2020, Plaintiff Maureen Green used qualified retirement funds to purchase $299,000 of unregistered securities in the form of a so-called "Class C Promissory Note" issued by ABFP Income Fund, LLC.

Under the terms of this investment, Defendants were obligated to make payments to Plaintiff in the amount of $2,990 a month commencing on April 15, 2020 and continuing until March 15, 2021, and Plaintiff's principal was to be repaid in full on or before March 10, 2021. In March 2020, Defendants defaulted on the investment and breached the Subscription Agreement.

b. To date, Defendants have failed to repay Plaintiff any of her principal in these investments. Plaintiff has been damaged as a result of Defendants' fraudulent scheme alleged herein.

42. Plaintiff Dominick Bellizzie is an adult individual who is a resident and domiciliary of the Commonwealth of Pennsylvania and maintains his principal residence in Coatesville, Chester County. During the Class Period, Plaintiff invested in unregistered securities that were promoted and offered by Defendants.

a. Pursuant to a materially false and misleading Private Placement Memorandum and Subscription Agreement, on October 9, 2019, Bellizzie and Plaintiff Kaminski jointly purchased $100,000 of unregistered securities in the form of promissory notes in ABFP Income Fund 2, LLC. Under the terms of this investment, Mr. Bellizzie and Ms. Kaminski expected to receive a 10% annual return in the form of 12 monthly payments in the amount of $769.50 for two consecutive months and then a larger payment in the third month of approximately $1,382.48 or $1,386.92, and repayment of his principal in October 2020. In March 2020, Defendants defaulted on the investment and breached the Subscription Agreement.

b. Pursuant to a materially false and misleading Private Placement Memorandum and Subscription Agreement, on March 28, 2019, Bellizzie invested

$105,000 in the ABFP Income Fund 3, LLC. Under the terms of the Private Placement Memorandum and Subscription Agreement, Plaintiff Bellizzie expected to receive a 10% annual return in the form of 12 monthly payments in the amount of $875, and repayment of his principal in March 2020. In March 2020, Defendants defaulted on the investment and breached the Subscription Agreement.

c. In April 2020, Plaintiff Bellizzie was fraudulently induced by Defendants, including Vagnozzi, ABFP, ABFP Management, ABFP Income Fund 3, LLC, ABFP Income Fund 3 Parallel, LLC, Pauciulo and Eckert Seamans, to enter into the sham ABFP Income Fund Exchange Offering, through which he acquired worthless Amended and Restated Notes issued by ABFP Income Fund 3 Parallel, LLC.

d. To date, Defendants have failed to repay Plaintiff any of his principal in these investments. Plaintiff has been damaged as a result of Defendants' fraudulent scheme alleged herein.

43. Plaintiff Janet Kaminski is an adult individual who is a resident and domiciliary of the Commonwealth of Pennsylvania and who maintains her principal residence in Coatesville, Chester County. Pursuant to a materially false and misleading Private Placement Memorandum and Subscription Agreement, on October 9, 2019, Plaintiff Kaminski and Plaintiff Bellizzie purchased jointly $100,000 unregistered securities in the form of promissory notes issued by ABFP Income Fund 2, LLC, as detailed above. In March 2020, Defendants defaulted on the investment and breached the Subscription Agreement. To date, Defendants have failed to repay Plaintiff any

Case 2:25-cv-05562-MRP Document 1 Filed 10/20/2025 Page 28 of 175

of her principal investment. Plaintiff has been damaged as a result of Defendants' fraudulent scheme alleged herein.

44. Plaintiff Cynthia Butler is an adult individual who is a resident and domiciliary of the State of New Jersey and who maintains her principal residence in Haddon Heights, Camden County. During the Class Period, Plaintiff invested in unregistered securities that were promoted and offered by Defendants.

a. Pursuant to a materially false and misleading Private Placement Memorandum and Subscription Agreement, on or about October 10, 2019, Plaintiff Cynthia Butler purchased $300,000 of unregistered securities in the form of a so-called "Class B Promissory Note" issued by ABFP Income Fund 4, LLC. Under the terms of this investment, Defendants were obligated to make payments to Ms. Butler in the amount of $3,000 a month commencing on October 10, 2019, and continuing until October 10, 2020, and Ms. Butler's principal was to be repaid in full on or before October 10, 2020. In March 2020, Defendants defaulted on the investment and breached the Subscription Agreement.

b. In April 2020, Ms. Butler was fraudulently induced by Defendants, including Vagnozzi, Pauciulo and Eckert Seamans, to enter into the sham ABFP Income Fund 4, LLC Exchange Offering, through which she acquired worthless Amended and Restated Notes issued by ABFP Income Fund 4 Parallel, LLC. Vagnozzi, ABFP Income Fund 4, LLC and ABFP Income Fund 4 Parallel, LLC, defaulted on the Amended and Restated Notes, and they breached the Exchange Agreement between ABFP Income Fund 4 LLC, ABFP Income Fund 4 Parallel, LLC and Plaintiff Cynthia Butler.

c. To date, Defendants have failed to repay Plaintiff any of her principal investment. Plaintiff has been damaged as a direct and proximate result of Defendants'

fraudulent scheme alleged herein.

45. Plaintiff William Butler, the husband of Plaintiff Cynthia Butler, is an adult individual who is a resident and domiciliary of the State of New Jersey and who maintains his principal residence in Haddon Heights, Camden County. During the Class Period, Plaintiff invested in unregistered securities that were promoted and offered by Defendants.

a. Pursuant to a materially false and misleading Private Placement Memorandum and Subscription Agreement, on or about July 10, 2019, Plaintiff William Butler purchased $399,000 of unregistered securities in the form of a so-called "Class B Promissory Note" issued by ABFP Income Fund 3, LLC. Under the terms of this investment, Defendants were obligated to make payments to Mr. Butler in the amount of $3,325 a month commencing on August 13, 2019 and continuing until July 13, 2020, and Mr. Butler's principal was to be repaid in full on or before July 10, 2020. In March 2020, Defendants defaulted on the investment and breached the Subscription Agreement.

b. On or about February 25, 2020, Plaintiff William Butler purchased $501,000 of unregistered securities in the form of a so-called "Class C Promissory Note" issued by ABFP Income Fund 6, LLC. Under the terms of this investment, Defendants were obligated to make payments to Mr. Butler in the amount of $5,845 a month commencing on March 30, 2020 and continuing until March 2, 2021. In March 2020, Defendants defaulted on the investment and breached the Subscription Agreement.

c. In April 2020, Plaintiff William Butler was fraudulently induced by Defendants, including Vagnozzi, Pauciulo and Eckert Seamans, to enter into the sham ABFP Income Fund 3, LLC Exchange Notes Offering and the ABFP Income Fund 6, LLC Exchange Notes Offering, through which he acquired worthless Amended and Restated

Notes issued by ABFP Income Fund 3 Parallel, LLC and by ABFP Income Fund 6 Parallel, LLC, respectively. Vagnozzi, ABFP Income Fund 3, LLC, ABFP Income Fund 3 Parallel, LLC, ABFP Income Fund 6, LLC, and ABFP Income Fund 6 Parallel, LLC, defaulted on the Amended and Restated Notes, and breached the Exchange Notes Agreements between ABFP Income Fund 3 LLC, ABFP Income Fund 3 Parallel, LLC and Plaintiff William Butler, and the Exchange Notes Agreement between ABFP Income Fund 6 LLC, ABFP Income Fund 6 Parallel, LLC and Plaintiff William Butler.

d. To date, Defendants have failed to repay Plaintiff any of his principal in these investments. Plaintiff has been damaged as a direct and proximate result of Defendants' fraudulent scheme alleged herein.

46. Plaintiff Edward Woods is an adult individual who is a resident and domiciliary of the Commonwealth of Pennsylvania who maintains his principal residence in West Chester, Chester County. Pursuant to a materially false and misleading Private Placement Memorandum and Subscription Agreement, in March 2020, he purchased $75,000 of unregistered securities in the form of limited partnership interests issued by ABFP Multi-Strategy Fund 2, LP. To date, Defendants have failed to repay Plaintiff any of his principal in this investment. Plaintiff has been damaged as a result of Defendants' fraudulent scheme alleged herein.

47. Plaintiff Glen W. Cole, Jr. is an adult individual who is a resident and domiciliary of the Commonwealth of Pennsylvania and maintains his principal residence in Philadelphia, Philadelphia County. During the Class Period, Plaintiff invested in unregistered securities that were promoted and offered by Defendants.

a. Pursuant to a materially false and misleading Private Placement Memorandum and Subscription Agreement, Plaintiff Cole purchased $125,000 of

unregistered securities in the form of limited partnership interests issued by Pillar 7 Life Settlement Fund, L.P.

b. Pursuant to a materially false and misleading Private Placement Memorandum and Subscription Agreement, on or about September 5, 2018, Plaintiff Cole purchased $200,000 of unregistered securities in the form of limited partnership interests issued by ABFP Income Fund 2, L.P. On or about September 25, 2019, Plaintiff Cole rolled over his investment in ABFP income Fund 2, L.P. In March 2020, Defendants defaulted on the investment and breached the Subscription Agreement.

c. To date, Defendants have failed to repay Plaintiff any of his principal in these investments. Plaintiff Cole has been damaged as a direct and proximate result of Defendants' fraudulent scheme alleged herein.

48. Plaintiff John Butler is an adult individual who is a resident and domiciliary of the Commonwealth of Pennsylvania who maintains his principal residence in Exton, Chester County. Pursuant to a materially false and misleading Private Placement Memorandum and Subscription Agreement, in or about 2011, he used qualified retirement funds to purchase $100,000 of unregistered securities in the form of limited partnership interests issued by Pillar II Life Settlement Fund, L.P. Plaintiff John Butler has not received repayment of his principal investment. Plaintiff John Butler has been damaged as a direct and proximate result of Defendants' fraudulent scheme alleged herein.

49. Plaintiff Michael D. Groff is an adult individual who is a resident and domiciliary of the Commonwealth of Pennsylvania who maintains his principal residence in Pottstown, Montgomery County. During the Class Period, Plaintiff invested in unregistered securities that were promoted and offered by Defendants.

a. Pursuant to a materially false and misleading Private Placement Memorandum and Subscription Agreement, in January 2020, Plaintiff Groff purchased $60,000 of unregistered securities in the form of so-called “Promissory Notes” issued by ABFP Income Fund 6, LLC. Under the terms of this investment, Defendants were obligated to make payments to Mr. Groff in the amount of 10 percent monthly, which was to continue for a term of 12 months. In March 2020, Defendants defaulted on the investment and breached the Subscription Agreement.

b. In April 2020, Plaintiff Groff was fraudulently induced by Defendants, including Vagnozzi, Pauciulo, and Eckert Seamans, to enter into the sham ABFP Income Fund 6, LLC Exchange Notes Offering, through which he acquired worthless Amended and Restated Notes issued by ABFP Income Fund 6 Parallel. Vagnozzi, ABFP Income Fund 6, LLC, and ABFP Income Fund 6 Parallel, LLC, defaulted on the Amended and Restated Notes, and breached the Exchange Agreement between ABFP Income Fund 6 LLC, ABFP Income Fund 6 Parallel and Plaintiff Groff.

c. To date, Defendants have failed to repay Plaintiff any of his principal investment. Plaintiff has been damaged as a direct and proximate result of Defendants’ fraudulent scheme alleged herein.

50. Plaintiff Robert Betz is an adult individual who is a resident and domiciliary of the Commonwealth of Pennsylvania and who maintains his principal residence in Schwenksville, Montgomery County. During the Class Period, Plaintiff invested in unregistered securities that were promoted and offered by Defendants.

a. Pursuant to a materially false and misleading Private Placement Memorandum and Subscription Agreement, he purchased $101,000 of unregistered

securities in the form of promissory notes issued by ABFP Income Fund 3, LLC. Under the terms of this investment, Defendants were obligated to make 10% monthly interest payments to Plaintiff for 12 months, and Plaintiff's principal was to be repaid in full at the end of this 12-month term. In March 2020, Defendants defaulted on the investment and breached the Subscription Agreement.

b. In April 2020, Plaintiff Betz was fraudulently induced by Defendants, including Vagnozzi, Pauciulo, and Eckert Seamans, to enter into the sham ABFP Income Fund 3 Exchange Notes Offering, through which he acquired worthless Amended and Restated Notes issued by ABFP Income Fund 3 Parallel, LLC. After making only two reduced monthly interest payments, Vagnozzi, ABFP Income Fund 3, LLC, and ABFP Income Fund 3 Parallel, LLC, defaulted on the Amended and Restated Notes, and they breached the Exchange Notes Agreement between ABFP Income Fund 3, LLC, ABFP Income Fund 3 Parallel, LLC and Plaintiff Betz.

c. To date, Defendants have failed to repay Plaintiff any of his principal investment. Plaintiff has been damaged as a result of Defendants' fraudulent scheme alleged herein.

51. Plaintiff Shawn P. Carlin is an adult individual who is a resident and domiciliary of the State of New Jersey who maintains his principal residence in Williamstown, Gloucester County. During the Class Period, Plaintiff invested in unregistered securities that were promoted and offered by Defendants.

a. Pursuant to a materially false and misleading Private Placement Memorandum and Subscription Agreement, on or about April 21, 2018, Plaintiff Carlin purchased $300,000 of unregistered securities in the form of a so-called "Class C

Promissory Note" issued by ABFP Income Fund, LLC. Under the terms of this investment, Defendants were obligated to make payments to Plaintiff in the amount of $3,000 a month commencing on June 25, 2018 and continuing until May 25, 2019, and Plaintiff's principal was to be repaid in full on or before May 25, 2019. In or around May 2019, Defendants induced Plaintiff to roll over his investment for another year. In March 2020, Defendants defaulted on the investment and breached the Subscription Agreement.

b. In April 2020, Plaintiff Carlin was fraudulently induced by Defendants, including Vagnozzi, Pauciulo, and Eckert Seamans, to enter into the sham ABFP Income Fund Exchange Notes Offering, through which he acquired worthless Amended and Restated Notes issued by ABFP Income Fund Parallel, LLC. After making only two reduced monthly interest payments, Vagnozzi, ABFP Income Fund, LLC, and ABFP Income Fund Parallel, LLC, defaulted on the Amended and Restated Notes, and they breached the Exchange Agreement between ABFP Income Fund, LLC, ABFP Income Fund Parallel, LLC and Plaintiff Carlin.

c. To date, Defendants have failed to repay Plaintiff any of his principal. Plaintiff has been damaged as a direct and proximate result of Defendants' fraudulent scheme alleged herein.

52. Plaintiff Marcy H. Kershner is an adult individual who is a resident and domiciliary of the Commonwealth of Pennsylvania and maintains her principal residence in West Chester, Chester County. During the Class Period, Plaintiff invested in unregistered securities that were promoted and offered by Defendants.

a. Pursuant to a materially false and misleading Private Placement Memorandum and Subscription Agreement, Ms. Kershner used qualified retirement funds

to purchase $113,178 of unregistered securities in the form of promissory notes issued by Pisces Income Fund LLC. Under the terms of this investment, Defendants were obligated to make 12 monthly payments to Plaintiff in the amount of approximately $833.33, after which Plaintiff's principal was to be repaid in full. In March 2020, Defendants defaulted on the investment and breached the Subscription Agreement.

b. In April 2020, Ms. Kershner was fraudulently induced by Defendants, including Vagnozzi, Pisces Income Fund LLC, Pisces Income Fund Parallel LLC, Pauciulo and Eckert Seamans, to enter into the sham Pisces Income Fund Exchange Offering, through which she acquired worthless Amended and Restated Notes issued by Pisces Income Fund Parallel LLC. After making only two reduced monthly interest payments, Vagnozzi, Pisces Income Fund LLC, and Pisces Income Fund Parallel LLC, defaulted on the Amended and Restated Notes, and they breached the Exchange Agreement between Pisces Income Fund LLC, Pisces Income Fund Parallel LLC and Plaintiff Kershner.

c. Pursuant to a materially false and misleading Private Placement Memorandum and Subscription Agreement, in or around April 2018, Ms. Kershner purchased $100,000 of unregistered securities in the form of promissory notes issued by ABFP Income Fund LLC. Under the terms of this investment, Defendants were obligated to make 12 monthly payments to Plaintiff in the amount of approximately $833.33, after which Plaintiff's principal was to be repaid in full. When this investment reached its maturity in or around April 2019, Defendants, including Shannon Westhead, fraudulently Plaintiff to rollover her investment for another 12 months. In March 2020, Defendants defaulted on the investment and breached the Subscription Agreement.

d. In April 2020, Ms. Kershner was fraudulently induced by Defendants, including Vagnozzi, ABFP Income Fund LLC, ABFP Income Fund Parallel LLC, Pauciulo and Eckert Seamans, to enter into the sham ABFP Income Fund Exchange Offering, through which she acquired worthless Amended and Restated Notes issued by ABFP Income Fund Parallel LLC. After making only two reduced monthly interest payments, Vagnozzi, ABFP, ABFP Income Fund LLC, and ABFP Income Fund Parallel LLC, defaulted on the Amended and Restated Notes, and they breached the Exchange Note Agreement between ABFP Income Fund LLC, ABFP Income Fund Parallel LLC and Plaintiff Kershner.

e. Pursuant to a materially false and misleading Private Placement Memorandum and Subscription Agreement, she used both cash and qualified retirement funds to purchase $100,000 of unregistered securities in the form of limited partnership interests issued by Pillar 8 Life Settlement Fund, L.P. also known as the "Gibraltar Fund."

f. To date, Defendants have failed to repay Plaintiff any of her principal in these investments. Plaintiff has been damaged as a result of Defendants' fraudulent scheme alleged herein.

53. Plaintiff John W. Harvey is an adult individual who is a resident and domiciliary of the Commonwealth of Pennsylvania and maintains his principal residence in Exton, Chester County. During the Class Period, Plaintiff invested in unregistered securities that were promoted and offered by Defendants.

a. Pursuant to a materially false and misleading Private Placement Memorandum and Subscription Agreement, on or about January 25, 2020, Plaintiff Harvey purchased $100,000 of unregistered securities in the form of promissory notes

Case 2:25-cv-05562-MRP Document 1 Filed 10/20/24 Page 37 of 175

issued by ABFP Income Fund 6, LLC. Under the terms of this investment, Defendants were obligated to make payments to Mr. Harvey in the amount of $833.33 a month commencing on February 28, 2020 and continuing until January 25, 2022. In March 2020, Defendants defaulted on the investment and breached the Subscription Agreement.

b. In April 2020, Plaintiff Harvey was fraudulently induced by Defendants, including Vagnozzi, ABFP, ABFP Management, ABFP Income Fund 6, LLC, ABFP Income Fund 6 Parallel, LLC, Pauciulo and Eckert Seamans, to enter into the sham ABFP Income Fund 6, LLC Exchange Note Offering, through which he acquired worthless Amended and Restated Notes issued by ABFP Income Fund 6 Parallel. In August 2020, Vagnozzi, ABFP, ABFP Income Fund 6, LLC, and ABFP Income Fund 6 Parallel, LLC, defaulted on the Amended and Restated Notes, and breached the Exchange Agreement between ABFP Income Fund 6 LLC, ABFP Income Fund 6 Parallel and Plaintiff Harvey.

c. To date, Defendants have failed to repay Plaintiff any of his principal investment. Plaintiff has been damaged as a direct and proximate result of Defendants' fraudulent scheme alleged herein.

54. Plaintiffs Laurie H. Sutherland is an adult individual who is a resident and domiciliary of the Commonwealth of Pennsylvania and maintains her principal residence in Perkiomenville, Montgomery County. During the Class Period, Plaintiff invested in unregistered securities that were promoted and offered by Defendants.

a. Pursuant to a materially false and misleading Private Placement Memorandum and Subscription Agreement, on or about September 10, 2019, Ms. Sutherland and her husband, Plaintiff William Sutherland, purchased $120,000 unregistered securities in the form of "Class A" promissory notes in ABFP Income Fund

4, LLC. Under the terms of this investment, Mr. and Ms. Sutherland expected to receive at least a 10% annual return in the form of 12 monthly payments in the amount of $1,000 and repayment of their principal on or about September 10, 2020. In March 2020, Defendants defaulted on the investment and breached the Subscription Agreement.

b. In April 2020, Mr. and Ms. Sutherland were fraudulently induced by Defendants, including Vagnozzi, Pauciulo and Eckert Seamans, to enter into the sham ABFP Income Fund 4 Exchange Note Offering, through which they acquired worthless Amended and Restated Notes issued by ABFP Income Fund 4 Parallel, LLC.

c. After making only two reduced monthly interest payments in June and July 2020, Vagnozzi, ABFP, ABFP Income Fund 4, LLC, and ABFP Income Fund 4 Parallel, LLC, defaulted on the Amended and Restated Notes, and breached the Exchange Notes Agreements.

d. To date, Defendants have failed to repay Mr. and Ms. Sutherland any of their principal investment. Plaintiffs have been damaged as a result of Defendants' fraudulent scheme alleged herein.

55. Plaintiff William M. Sutherland, the husband of Plaintiff Laurie H. Sutherland, is an adult individual who is a resident and domiciliary of the Commonwealth of Pennsylvania and maintains his principal residence in Perkiomenville, Montgomery County. The investments that Mr. Sutherland made with his wife are set forth in the preceding paragraph.

56. Plaintiff Bruce Chasan is an adult individual who is a resident and domiciliary of the Commonwealth of Pennsylvania and maintains his principal residence in Bryn Mawr, Montgomery County. During the Class Period, Plaintiff invested in unregistered securities that were promoted and offered by Defendants.

a. Pursuant to a materially false and misleading Private Placement Memorandum and Subscription Agreement, on or about January 17, 2019, Plaintiff Chasan purchased $100,000 of unregistered securities in the form of promissory notes issued by ABFP Income Fund 2, L.P. Under the terms of this investment, Mr. Chasan expected to receive 10% interest on his investment paid in 12 monthly installments, and the full repayment of his principal in January 2020. In March 2020, Defendants defaulted on the investment and breached the Subscription Agreement.

b. In April 2020, Defendants, including Vagnozzi, Pauciulo and Eckert Seamans, caused ABFP Income Fund 2, L.P., to enter into the sham ABFP Income Fund Exchange Note Offering, through which Plaintiff acquired worthless Amended and Restated securities issued by ABFP Income Fund 2 Parallel L.P.

c. Pursuant to a materially false and misleading Private Placement Memorandum dated February 1, 2017 and Subscription Agreement, on or about October 28, 2017, Plaintiff Chasan purchased $75,000 of unregistered securities in the form of limited partnership interests issued by Pillar 8 Life Settlement Fund, L.P.

d. To date, Defendants have failed to repay Plaintiff any of his principal in these investments. Plaintiff has been damaged as a result of Defendants' fraudulent scheme alleged herein.

57. Plaintiff Chantal Boyer, by and through her husband, Randal Boyer, Jr., who serves are her Power of Attorney, is a totally disabled adult individual who is a resident and domiciliary of the Commonwealth of Pennsylvania. The Boyers maintain their principal residence in Phoenixville, Chester County.

a. Pursuant to a materially false and misleading Private Placement

Memorandum and Subscription Agreement, in or around 2014, Plaintiff Boyer purchased $50,000 of unregistered securities in the form of limited partnership interests issued by Pillar 4 Life Settlement Fund, L.P.

b. To date, Defendants have failed to repay Plaintiff Boyer her principal in this investment despite Defendants' representation that she would be repaid within 3 to 6 years. Plaintiff has been damaged as a result of Defendants' fraudulent scheme alleged herein.

58. Plaintiff Roy Mills is an adult individual who is a resident and domiciliary of the Commonwealth of Pennsylvania and who maintains his principal residence in Springfield, Delaware County. During the Class Period, Plaintiff Mills invested in unregistered securities that were promoted and offered by Defendants.

a. Pursuant to a materially false and misleading Private Placement Memorandum and Subscription Agreement, on or about March 7, 2019, Plaintiff Mills purchased $240,000 of unregistered securities in the form of so-called "Class B" promissory notes issued by ABFP Income Fund 3, LLC. Under the terms of this investment, Defendants were obligated to make payments to Plaintiff in the amount of $2,000 a month commencing on April 13, 2019, and continuing until March 13, 2020, and Plaintiff's principal was to be repaid in full on or before March 10, 2020. In March 2020, Defendants defaulted on the investment and breached the Subscription Agreement.

b. In April 2020, Plaintiff Mills was fraudulently induced by Defendants, including Vagnozzi, Pauciulo, and Eckert Seamans, to entered into the sham ABFP Income Fund 3 Exchange Offering, through which he acquired worthless Amended and Restated Notes issued by ABFP Income Fund 3 Parallel, LLC. After making only two reduced monthly interest payments, Vagnozzi, ABFP, ABFP Income Fund 3, LLC, and

ABFP Income Fund 3 Parallel, LLC, defaulted on the Amended and Restated Notes, and they breached the Exchange Agreement between ABFP Income Fund 3, LLC, ABFP Income Fund 3 Parallel, LLC and Plaintiff.

c. To date, Defendants have failed to repay Plaintiff any of his principal investment. Plaintiff has been damaged as a result of Defendants' fraudulent scheme alleged herein.

59. Plaintiff Jace A. Weaver is an adult individual who is a resident and domiciliary of the Commonwealth of Pennsylvania and who maintains his principal residence in Gilbertsville, Montgomery County. During the Class Period, Plaintiff Weaver invested in unregistered securities that were promoted and offered by Defendants.

a. Pursuant to a materially false and misleading Private Placement Memorandum and Subscription Agreement, on or about June 11, 2019, Plaintiff used qualified retirement funds to purchase $101,000 of unregistered securities in the form of promissory notes issued by ABFP Income Fund 3, LLC. Under the terms of this investment, Defendants were obligated to make 12 monthly payments to Plaintiff in the amount of $841.67 commencing on July 29, 2019 and continuing until June 28, 2020, and Plaintiff's principal was to be repaid in full on or before June 25, 2020. In March 2020, Defendants defaulted on the investment and breached the Subscription Agreement.

b. In April 2020, Plaintiff Weaver was fraudulently induced by Defendants, including Vagnozzi, Pauciulo, and Eckert Seamans, to enter into the sham ABFP Income Fund 3 Exchange Offering, through which he acquired the worthless Amended and Restated Notes issued by ABFP Income Fund 3 Parallel, LLC. After making only two reduced monthly interest payments, Vagnozzi, ABFP, ABFP Income Fund 3, LLC, and

ABFP Income Fund 3 Parallel, LLC, defaulted on the Amended and Restated Notes, and they breached the Exchange Agreement between ABFP Income Fund 3, LLC, ABFP Income Fund 3 Parallel, LLC, and Plaintiff.

c. Pursuant to a materially false and misleading Private Placement Memorandum and Subscription Agreement, in December 2019, Plaintiff used qualified retirement funds to purchase $250,000 of unregistered securities in the form of promissory notes issued by ABFP Income Fund 6, LLC. Under the terms of this investment, Defendants were obligated to make 12 monthly payments to Plaintiff in the amount of $2,500 commencing on January 28, 2020 and continuing until December 28, 2021, and Plaintiff's principal was to be repaid in full in December 2021. In March 2020, Defendants defaulted on the investment and breached the Subscription Agreement.

d. In April 2020, Plaintiff Weaver was fraudulently induced by Defendants, including Vagnozzi, Pauciulo, and Eckert Seamans, to enter into the sham ABFP Income Fund 6 Exchange Offering, through which he acquired the worthless Amended and Restated Notes issued by ABFP Income Fund 6 Parallel, LLC. After making only two reduced monthly interest payments, Vagnozzi, ABFP, ABFP Income Fund 6, LLC, and ABFP Income Fund 6 Parallel, LLC, defaulted on the Amended and Restated Notes, and they breached the Exchange Agreement between ABFP Income Fund 6, LLC, ABFP Income Fund 3 Parallel, LLC, and Plaintiff.

e. Pursuant to a false and misleading Private Placement Memorandum and Subscription Agreement/Limited Partnership Agreement, Plaintiff purchased $100,000 of unregistered securities in the form of partnership interests in the ABFP Multi-Strategy Fund 2, LP.

f. To date, Defendants have failed to repay Plaintiff any of his principal in these investments. Plaintiff has been damaged as a result of Defendants' fraudulent scheme alleged herein.

60. Plaintiff George S. Roadknight is an adult individual who is a resident and domiciliary of the State of New Jersey and maintains his principal residence in Stratford, Camden County. During the Class Period, Plaintiff invested in unregistered securities that were promoted and offered by Defendants.

a. Pursuant to a materially false and misleading Private Placement Memorandum and Subscription Agreement, on or about October 25, 2019, Mr. Roadknight purchased $50,000 of unregistered securities in the form of promissory notes issued by Pisces Income Fund LLC. Under the terms of this investment, Defendants were obligated to make 12 monthly payments to Plaintiff in the amount of $416.66 commencing in November 2019, and continuing until October 2020, and Plaintiff's principal was to be repaid in full on or before November 2020. In March 2020, Defendants defaulted on the investment and breached the Subscription Agreement.

b. In April 2020, Mr. Roadknight was fraudulently induced by Defendants, including Vagnozzi, Pauciulo and Eckert Seamans, to enter into the sham Pisces Income Fund Exchange Offering, through which he acquired worthless Amended and Restated Notes issued by Pisces Income Fund Parallel LLC. After making only two reduced monthly interest payments, Vagnozzi, ABFP, Pisces Income Fund LLC, and Pisces Income Fund Parallel LLC, defaulted on the Amended and Restated Notes, and they breached the Exchange Agreement between Pisces Income Fund LLC, Pisces Income Fund Parallel LLC and Mr. Roadknight.

c. To date, Defendants have failed to repay Plaintiff any of his principal investment. Plaintiff has been damaged as a result of Defendants' fraudulent scheme alleged herein.

61. Plaintiff Robert DelRocco is an adult individual who is a resident and domiciliary of the State of New Jersey and maintains his principal residence in Raritan, Somerset County. During the Class Period, Plaintiff invested in unregistered securities that were promoted and offered by Defendants.

a. Pursuant to a materially false and misleading Private Placement Memorandum dated March 1, 2019 and Subscription Agreement, on or about April 16, 2019, Plaintiff DelRocco purchased $200,000 of unregistered securities in the form of two so-called "Class B" promissory notes issued by ABFP Income Fund 3, LLC. Under the terms of this investment, Defendants were obligated to make payments to Plaintiff in the amount of $1,666.67 a month commencing on May 28, 2019, and continuing until April 28, 2020, and Plaintiff's principal was to be repaid in full on or about April 25, 2020. In March 2020, Defendants defaulted on the investment and breached the Subscription Agreement.

b. Pursuant to a materially false and misleading Private Placement Memorandum dated March 1, 2019 and Subscription Agreement, on or about July 16, 2019, Plaintiff DelRocco purchased an additional $200,000 of unregistered securities in the form of two so-called "Class B" promissory notes issued by ABFP Income Fund 3, LLC. Under the terms of this investment, Defendants were obligated to make payments to Plaintiff in the amount of $1,666.67 a month commencing on August 28, 2019, and continuing until July 28, 2020, and Plaintiff's principal was to be repaid in full on or before

Case 2:20-cv-05562-MRP Document 1 Filed 11/06/20 Page 45 of 175

July 25, 2020. In March 2020, Defendants defaulted on the investment and breached the Subscription Agreement.

c. In April 2020, Plaintiff DelRocco was fraudulently induced by Defendants, including Vagnozzi, Pauciulo, and Eckert Seamans, to enter into the sham ABFP Income Fund 3 Exchange Note Offering, through which he acquired worthless Amended and Restated Notes issued by ABFP Income Fund 3 Parallel, LLC. After making only two reduced monthly interest payments, Vagnozzi, ABFP, ABFP Income Fund 3, LLC, and ABFP Income Fund 3 Parallel, LLC, defaulted on the Amended and Restated Notes, and they breached the Exchange Agreement between ABFP Income Fund 3, LLC, ABFP Income Fund 3 Parallel, LLC and Plaintiff.

d. To date, Defendants have failed to repay Plaintiff any of his principal investment. Plaintiff has been damaged as a result of Defendants' fraudulent scheme alleged herein.

62. Plaintiff Leonard Goldstein is an adult individual who is a resident and domiciliary of the Commonwealth of Pennsylvania and who maintains his principal residence in Bala Cynwyd, Montgomery County. During the Class Period, Plaintiff Goldstein invested in unregistered securities that were promoted and offered by Defendants.

a. Pursuant to a materially false and misleading Private Placement Memorandum and Subscription Agreement, in January 2015, Plaintiff Goldstein purchased $60,000 of unregistered securities in the form of limited partnership interests issued by Pillar Life Settlement Fund I, L.P.

b. To date, Defendants have failed to repay Plaintiff his principal in this investment. Plaintiff has been damaged as a result of Defendants' fraudulent scheme

alleged herein.

63. Plaintiff David Jakeman is an adult individual who is a resident and domiciliary of the Commonwealth of Pennsylvania and who maintains his principal residence in Warminster, Bucks County. During the Class Period, Plaintiff Jakeman invested in unregistered securities that were promoted and offered by Defendants.

a. Pursuant to a materially false and misleading Private Placement Memorandum and Subscription Agreement, in or around December 2020, Plaintiff Jakeman purchased $100,000 of unregistered securities in the form of promissory notes issued by Atrium Legal Capital 2, LLC. Under the terms of this investment, Defendants were obligated to repay Plaintiff's principal plus interest (accrued at an annual rate of 6% - 9%).

b. Pursuant to a materially false and misleading Private Placement Memorandum and Subscription Agreement, on or about March 20, 2020, Plaintiff Jakeman purchased $150,000 of unregistered securities in the form of promissory notes issued by Atrium Legal Capital 3, LLC. Under the terms of this investment, Defendants were obligated to make quarterly payments to Plaintiff in the amount of $3,750.00, and to repay his entire principal investment on or before March 25, 2022.

c. To date, Defendants have failed to repay Plaintiff his principal in these investments. Plaintiff has been damaged as a result of Defendants' fraudulent scheme alleged herein.

64. Plaintiff Fred Barakat is an adult individual who is a resident and domiciliary of the Commonwealth of Pennsylvania who maintains his principal residence in Chadds Ford, Chester County. During the Class Period, Plaintiff Barakat invested in unregistered securities that were

promoted and offered by Defendants.

a. Pursuant to a materially false and misleading Private Placement Memorandum and Subscription Agreement, Plaintiff purchased $100,000 of securities in the form of partnership interests in ABFP Multi-Strategy Investment Fund, LP.

b. Pursuant to a materially false and misleading Private Placement Memorandum and Subscription Agreement, in November 2019, Plaintiff purchased $251,000 of unregistered securities in the form of promissory notes in Pisces Income Fund LLC. Under the terms of this investment, Defendants were obligated to make payments to Plaintiff in the amount of $2,510 a month (12% annual interest) commencing in December 2019, and Plaintiff's principal was to be repaid in full after making the 12 monthly interest payments. In March 2020, Defendants defaulted on the investment and breached the Subscription Agreement.

c. In April 2020, Plaintiff was fraudulently induced by Defendants, including Vagnozzi, Pauciulo and Eckert Seamans, to enter into the sham Pisces Income Fund Exchange Note Offering, through which he acquired worthless Amended and Restated Notes issued by Pisces Income Fund Parallel LLC.

d. After making only two reduced monthly interest payments in June and July 2020, Vagnozzi, ABFP, Pisces Income Fund, and Pisces Income Fund Parallel LLC, defaulted on the Amended and Restated Notes, and breached the Exchange Notes Agreements.

e. To date, Defendants have failed to repay Plaintiff his principal in these investments. Plaintiff has been damaged as a result of Defendants' fraudulent scheme alleged herein.

65. Plaintiff Neil Benjamin is an adult individual who is a resident and domiciliary of the Commonwealth of Pennsylvania who maintains his principal residence in Harleysville, Montgomery County. During the Class Period, Plaintiff Benjamin invested in unregistered securities that were promoted and sold by Defendants.

a. Pursuant to a materially false and misleading Private Placement Memorandum and Subscription Agreement, on or about September 4, 2019, Plaintiff used qualified retirement funds to purchase $100,000 of unregistered securities in the form of a so-called "Class A Promissory Notes" issued by ABFP Income Fund 4, LLC. Under the terms of this investment, Defendants were obligated to make payments to Plaintiff in the amount of $833.33 a month commencing on October 28, 2019 and continuing until September 28, 2020, and Plaintiff's principal was to be repaid in full on or before September 25, 2020. In March 2020, Defendants defaulted on the investment and breached the Subscription Agreement.

b. In April 2020, Plaintiff was fraudulently induced by Defendants, including Vagnozzi, Pauciulo and Eckert Seamans, to enter into the sham ABFP Income Fund 4 Exchange Note Offering, through which he acquired worthless Amended and Restated Notes issued by ABFP Income Fund 4 Parallel, LLC.

c. After making only two reduced monthly interest payments in June and July 2020, Vagnozzi, ABFP, ABFP Income Fund 4, LLC, and ABFP Income Fund 4 Parallel, LLC, defaulted on the Amended and Restated Notes, and breached the Exchange Notes Agreements.

d. To date, Defendants have failed to repay Plaintiff any of his principal investment. Plaintiff has been damaged as a result of Defendants' fraudulent scheme

alleged herein.

66. Plaintiff Mark D. Newkirk is an adult individual who is a resident and domiciliary of the State of New Jersey who maintains his principal residence in Mays Landing, Atlantic County. During the Class Period, Plaintiff invested $150,000 in unregistered securities that were promoted and offered by Defendants.

a. Pursuant to a materially false and misleading Private Placement Memorandum and Subscription Agreement, Plaintiff purchased unregistered securities in the form of partnership interests issued by ABFP Multi-Strategy Investment Fund, LP.

b. Pursuant to a materially false and misleading Private Placement Memorandum and Subscription Agreement, Plaintiff purchased unregistered securities in the form of promissory notes issued by Atrium Legal Capital 4, LLC.

c. To date, Defendants have failed to repay Plaintiff his principal in these investments. Plaintiff has been damaged as a result of Defendants' fraudulent scheme alleged herein.

67. Plaintiff Michael Swan is an adult individual who is a resident and domiciliary of the Commonwealth of Pennsylvania and who maintains his principal residence in Pottstown, Montgomery County. During the Class Period, Plaintiff invested in unregistered securities that were promoted and offered by Defendants.

a. Pursuant to a materially false and misleading Private Placement Memorandum and Subscription Agreement, in April 2017, Plaintiff used qualified retirement funds to purchase $109,500 of unregistered securities in the form of limited partnership interests issued by Pillar Life Settlement Fund 8, L.P.

b. To date, Defendants have failed to repay Plaintiff his principal investment.

Case 2:25-cv-05562-MBR Document 1-1 Filed 11/06/20 Page 50 of 175

Plaintiff has been damaged as a result of Defendants' fraudulent scheme alleged herein.

68. Plaintiffs Barbara J. Barr and Michael Barr are married adults who are residents and domiciliaries of the Commonwealth of Pennsylvania who maintain their principal residence in Wallingford, Delaware County. During the Class Period, Plaintiffs invested in unregistered securities that were promoted and offered by Defendants.

a. Pursuant to a materially false and misleading Private Placement Memorandum and Subscription Agreement, in January 2016, Plaintiff Barbara Barr used qualified retirement funds to purchase $250,000 of unregistered securities in the form of limited partnership interests issued by Pillar 6 Life Settlement Fund, L.P. In November 2019, Defendants fraudulently induced Plaintiff Barbara Barr to make an additional purchase of $15,584 of unregistered securities issued by the Pillar 6 Life Settlement Fund.

b. Pursuant to a materially false and misleading Private Placement Memorandum and Subscription Agreement, in or around January 2019, Plaintiff Barbara Barr used qualified retirement funds to purchase $112,000 of unregistered securities in the form of partnership interests issued by ABFP Income Fund 2, L.P. Under the terms of this investment, Plaintiff expected to receive 10% interest on her investment paid in 12 monthly installments, and the full repayment of her principal in March 2020. In March 2020, Defendants defaulted on the investment and breached the Subscription Agreement.

c. In April 2020, Defendants, including Vagnozzi, Pauciulo and Eckert Seamans, caused ABFP Income Fund 2, L.P. to enter into the sham ABFP Income Fund Exchange Note Offering, through which Plaintiff acquired worthless Amended and Restated Notes issued by ABFP Income Fund 2 Parallel L.P. After only two payments, Defendants defaulted on the Exchange Notes.

Case 2:25-cv-05562-MRP Document 1 Filed 10/03/20 Page 51 of 175

d. Pursuant to a materially false and misleading Private Placement Memorandum and Subscription Agreement, in January 2020, Plaintiff Michael Barr used qualified retirement funds to purchase $120,000 of unregistered securities in the form of promissory notes issued by Capricorn Income Fund I, LLC. Under the terms of this investment, Plaintiff expected to receive 10% interest on his investment paid in 12 monthly installments, and the full repayment of his principal in January 2021. In March 2020, Defendants defaulted on the investment and breached the Subscription Agreement.

e. In April 2020, Plaintiff was fraudulently induced by Defendants, including Vagnozzi, Pauciulo and Eckert Seamans, to enter into the sham Capricorn Income Fund I Parallel LLC Exchange Note Offering, through which he acquired worthless Amended and Restated Notes issued by Capricorn Income Fund I Parallel LLC. After only two payments, Defendants defaulted on the Exchange Notes.

f. To date, Defendants have failed to repay Plaintiffs their principal in these investments. Plaintiffs have been damaged as a result of Defendants' fraudulent scheme alleged herein.

69. Plaintiff Joseph Camaioni is an adult individual who is a resident and domiciliary of the State of New Jersey who maintains his principal residence in Williamstown, Gloucester County. During the Class Period, Plaintiff invested in unregistered securities that were promoted and offered by Defendants.

a. Pursuant to a materially false and misleading Private Placement Memorandum and Subscription Agreement, on or about March 28, 2018, Plaintiff purchased $125,000 of unregistered securities in the form of partnership interests in ABFP Multi-Strategy Investment Fund, LP.

b. To date, Defendants have failed to repay Plaintiff his principal investment. Plaintiff has been damaged as a result of Defendants' fraudulent scheme alleged herein.

70. Plaintiff Jordan Lepow is an adult individual who is a resident and domiciliary of the Commonwealth of Pennsylvania and who maintains his principal residence in Philadelphia, Philadelphia County. During the Class Period, Plaintiff invested in unregistered securities that were promoted and offered by Defendants.

a. Pursuant to a materially false and misleading Private Placement Memorandum and Subscription Agreement, on or about October 10, 2019, he purchased $50,000 of unregistered securities in the form of a so-called "Class A Promissory Note" issued by ABFP Income Fund 4, LLC. Under the terms of this investment, Defendants were obligated to make payments to Plaintiff in the amount of $416.67 a month commencing on November 15, 2019 and continuing until October 15, 2020, and Plaintiff's principal was to be repaid in full on or before October 10, 2020. In March 2020, Defendants defaulted on the investment and breached the Subscription Agreement.

b. In April 2020, Plaintiff was fraudulently induced by Defendants, including Vagnozzi, ABFP, ABFP Management, ABFP Income Fund 4, LLC, and ABFP Income Fund 4 Parallel, LLC, Pauciulo, and Eckert Seamans, to enter into the sham ABFP Income Fund 4 Exchange Offering, through which he acquired worthless Amended and Restated Notes issued by ABFP Income Fund 4 Parallel, LLC.

c. After making only two reduced monthly interest payments, Defendants, including Vagnozzi, ABFP, ABFP management, defaulted on the Amended and Restated

Notes and breached the Exchange Notes Agreement between ABFP Income Fund 4, LLC, ABFP Income Fund 4 Parallel, LLC and Plaintiff.

d. To date, Defendants have failed to repay Plaintiff any of his principal investment. Plaintiff has been damaged as a result of Defendants' fraudulent scheme alleged herein.

71. Plaintiff Marilyn Swartz is an adult individual who is a resident and domiciliary of the Commonwealth of Pennsylvania and who maintains her principal residence in Philadelphia, Philadelphia County. During the Class Period, Plaintiff invested in unregistered securities that were promoted and offered by Defendants.

a. Pursuant to a materially false and misleading Private Placement Memorandum and Subscription Agreement, on October 10, 2019, Plaintiff invested $50,000 in the ABFP Income Fund 3, LLC. Under the terms of the Private Placement Memorandum and Subscription Agreement, Plaintiff expected to receive a 10% annual return in the form of 12 monthly payments in the amount of $416.67 beginning on November 15, 2019, and continuing until October 15, 2020, with full repayment of her principal on or before October 10, 2020. In March 2020, Defendants defaulted on the investment and breached the Subscription Agreement.

b. In April 2020, Plaintiff was fraudulently induced by Defendants, including Vagnozzi, ABFP and ABFP Management, to enter into the sham ABFP Income Fund 3 Exchange Offering, through which she acquired worthless Amended and Restated Notes issued by ABFP Income Fund 3 Parallel, LLC. After making only two reduced monthly interest payments, Vagnozzi, ABFP, ABFP Income Fund 3, LLC, and ABFP Income Fund 3 Parallel, LLC, defaulted on the Amended and Restated Notes, and they breached the

Exchange Agreement between ABFP Income Fund 3, LLC, ABFP Income Fund 3 Parallel, LLC and Plaintiff.

c. To date, Defendants have failed to repay Plaintiff any of her principal investment. Plaintiff has been damaged as a result of Defendants' fraudulent scheme alleged herein.

72. Plaintiff Robert L. Yori is an adult individual who is a resident and domiciliary of the State of Delaware and maintains his principal residence in Wilmington, New Castle County. During the Class Period, Plaintiff invested in unregistered securities that were promoted and offered by Defendants.

a. Pursuant to a materially false and misleading Private Placement Memorandum and Subscription Agreement, Plaintiff used qualified retirement funds to purchase $250,000 of unregistered securities in the form of promissory notes in ABFP Income Fund 3, LLC. Under the terms of this investment, Plaintiff expected to receive a 10% annual return in the form of 12 monthly payments in the amount of $2,083.33, commencing on May 13, 2019 and continuing until April 13, 2020, and repayment of his principal on or before April 10, 2020. In March 2020, Defendants defaulted on the investment and breached the Subscription Agreement.

b. In April 2020, Plaintiff was fraudulently induced by Vagnozzi, ABFP, ABFP Management, ABFP Income Fund 3, LLC, ABFP Income Fund 3 Parallel, LLC, Pauciulo and Eckert Seamans, to enter into the sham ABFP Income Fund Exchange Offering, through which he acquired worthless Amended and Restated Notes issued by ABFP Income Fund 3 Parallel, LLC. After making only two reduced monthly interest payments, Vagnozzi, ABFP, ABFP Income Fund 3, LLC, and ABFP Income Fund 3

Parallel, LLC, defaulted on the Amended and Restated Notes, and they breached the Exchange Agreement between ABFP Income Fund 3, LLC, ABFP Income Fund 3 Parallel, LLC and Plaintiff.

c. To date, Defendants have failed to repay Plaintiff any of his principal investment. Plaintiff has been damaged as a result of Defendants' fraudulent scheme alleged herein.

73. Plaintiff Joan L. Yori is an adult individual who is a resident and domiciliary of the State of Delaware and maintains her principal residence in Wilmington, New Castle County. During the Class Period, Plaintiff invested in unregistered securities that were promoted and offered by Defendants.

a. Pursuant to a materially false and misleading Private Placement Memorandum and Subscription Agreement, on or about April 30, 2019, Plaintiff used qualified retirement funds to purchase $102,000 of unregistered securities in the form of so-called "Class B" promissory notes in ABFP Income Fund 3, LLC. Under the terms of this investment, Plaintiff expected to receive a 10% annual return in the form of 12 monthly payments in the amount of $850, commencing on June 13, 2019 and continuing until May 13, 2020, and repayment of her principal on or before May 10, 2020. In March 2020, Defendants defaulted on the investment and breached the Subscription Agreement.

b. In April 2020, Plaintiff was fraudulently induced by Vagnozzi, ABFP, ABFP Management, ABFP Income Fund 3, LLC, ABFP Income Fund 3 Parallel, LLC, Pauciulo and Eckert Seamans, to enter into the sham ABFP Income Fund Exchange Offering, through which he acquired worthless Amended and Restated Notes issued by ABFP Income Fund 3 Parallel, LLC. After making only two reduced monthly interest

Case 2:25-cv-05562-MRP Document 1 Filed 10/20/20 Page 55 of 175

payments, Vagnozzi, ABFP, ABFP Income Fund 3, LLC, and ABFP Income Fund 3 Parallel, LLC, defaulted on the Amended and Restated Notes, and they breached the Exchange Agreement between ABFP Income Fund 3, LLC, ABFP Income Fund 3 Parallel, LLC and Plaintiff.

c. Pursuant to a false and misleading Private Placement Memorandum and Subscription Agreement/Limited Partnership Agreement, on or about August 1, 2018 and February 25, 2019, Plaintiff used qualified retirement funds to purchase a total of $200,000 of unregistered securities in the form of partnership interests issued by the ABFP Multi-Strategy Fund, LP

d. To date, Defendants have failed to repay Plaintiff any of her principal in these investments. Plaintiff has been damaged as a result of Defendants' fraudulent scheme alleged herein.

74. Plaintiff Mark A. Tarone is an adult individual who is a resident and domiciliary of the Commonwealth of Pennsylvania and who maintains his principal residence in Folsom, Delaware County. During the Class Period, Plaintiff invested in unregistered securities that were promoted and offered by Defendants.

a. Pursuant to a materially false and misleading Private Placement Memorandum and Subscription Agreement, on or about October 11, 2019, Plaintiff purchased $50,000 of unregistered securities in the form of promissory notes issued by Atrium Legal Capital 2, LLC. Under the terms of this investment, Defendants were obligated to make quarterly payments to Plaintiff in the amount of $1,125, commencing on or about February 28, 2020, and to repay Plaintiff's principal in full no later than November 25, 2023. Defendants have defaulted on these quarterly interest payments.

b. Pursuant to a materially false and misleading Private Placement Memorandum and Subscription Agreement, on or about October 11, 2019, Mr. Tarone used qualified retirement funds to purchase $96,000 of unregistered securities in the form of promissory notes issued by Pisces Income Fund LLC. Under the terms of this investment, Defendants were obligated to make 12 monthly payments to Plaintiff in the amount of $800, commencing on or about December 30, 2019, and continuing until November 30, 2020, with the full repayment of Plaintiff's principal on or before November 25, 2020. In March 2020, Defendants defaulted on the investment and breached the Subscription Agreement.

c. In April 2020, Mr. Tarone was fraudulently induced by Vagnozzi, Pisces Income Fund LLC, Pisces Income Fund Parallel LLC, Pauciulo and Eckert Seamans, to enter into the sham Pisces Income Fund Exchange Offering, through which he acquired worthless Amended and Restated Notes issued by Pisces Income Fund Parallel LLC. After making only two reduced monthly interest payments, Vagnozzi, Pisces Income Fund LLC, and Pisces Income Fund Parallel LLC, defaulted on the Amended and Restated Notes, and they breached the Exchange Agreement between Pisces Income Fund LLC, Pisces Income Fund Parallel LLC and Mr. Tarone.

d. To date, Defendants have failed to repay Plaintiff any of his principal on these investments. Plaintiff has been damaged as a result of Defendants' fraudulent scheme alleged herein.

75. Plaintiff Raymond D. Fergione is an adult individual who is a resident and domiciliary of the Commonwealth of Pennsylvania and maintains his principal residence in

Holland, Bucks County. During the Class Period, Plaintiff invested in unregistered securities that were promoted and offered by Defendants.

a. Pursuant to a materially false and misleading Private Placement Memorandum and Subscription Agreement, on or about June 7, 2019, Plaintiff purchased $340,000 of securities in the form of a so-called "Class B" promissory note issued by ABFP Income Fund 3, LLC. Under the terms of the Private Placement Memorandum and Subscription Agreement, Plaintiff expected to receive a 10% annual return in the form of 12 monthly payments in the amount of $2,833.33 beginning on July 28, 2019, and continuing until June 28, 2020, with full repayment of his principal on or before June 25, 2020. In March 2020, Defendants defaulted on the investment and breached the Subscription Agreement.

b. In April 2020, Plaintiff was fraudulently induced by Defendants, including Vagnozzi, ABFP and ABFP Management, to enter into the sham ABFP Income Fund 3 Exchange Offering, through which he acquired worthless Amended and Restated Notes issued by ABFP Income Fund 3 Parallel, LLC. After making only two reduced monthly interest payments, Vagnozzi, ABFP, ABFP Income Fund 3, LLC, and ABFP Income Fund 3 Parallel, LLC, defaulted on the Amended and Restated Notes, and they breached the Exchange Agreement between ABFP Income Fund 3, LLC, ABFP Income Fund 3 Parallel, LLC and Plaintiff.

c. Pursuant to a materially false and misleading Private Placement Memorandum and Subscription Agreement, as well as direct solicitations by Defendant Michael Tierney, on or about August 6, 2019, Plaintiff used qualified retirement funds to purchase $110,500 of unregistered securities in the form of so-called "Class B"

promissory notes issued by Merchant Services Income Fund, LLC. Under the terms of the Private Placement Memorandum and Subscription Agreement, Plaintiff expected to receive a 10% annual return in the form of 12 monthly payments in the amount of $920.83 beginning on September 13, 2019, and continuing until August 13, 2020, with full repayment of his principal on or before August 10, 2020. In March 2020, Defendants breached the subscription agreement with Plaintiff and defaulted on the Class B promissory notes.

d. Pursuant to a materially false and misleading Private Placement Memorandum and Subscription Agreement, on or about December 7, 2017, Plaintiff purchased $50,000 of unregistered securities in the form of promissory notes issued by Atrium Legal Capital, LLC. Under the terms of this investment, Defendants are obligated to pay Plaintiff interest at a rate of 14 percent annually, with the full payment of all interest and principal in the amount of $84,448.01, no later than December 15, 2021.

e. Pursuant to a materially false and misleading Private Placement Memorandum and Subscription Agreement, on or about July 30, 2018, Plaintiff used qualified retirement funds to purchase $111,800 of unregistered securities in the form of promissory notes issued by Atrium Legal Capital, LLC. Under the terms of this investment, Defendants are obligated to pay Plaintiff interest at a rate of 14 percent

annually, with the full payment of all interest and principal in the amount of $188,825.75, no later than August 15, 2022.

f. To date, Defendants have failed to repay Plaintiff any of his principal in these investments. Plaintiff has been damaged as a result of Defendants' fraudulent scheme alleged herein.

76. Plaintiff Raymond Bruce Boehm is an adult individual who is a resident and domiciliary of the State of New Jersey who maintains his principal residence in Somers Point, Atlantic County. During the Class Period, Plaintiff invested in unregistered securities that were promoted and offered by Defendants.

a. Pursuant to a materially false and misleading Private Placement Memorandum and Subscription Agreement, on or about August 19, 2019, Plaintiff used qualified retirement funds to purchase $73,000 of unregistered securities in the form of a so-called "Class A Promissory Note" issued by ABFP Income Fund 4, LLC. Under the terms of this investment, Defendants were obligated to make payments to Plaintiff in the amount of $608.33 a month commencing on September 30, 2019 and continuing until August 30, 2020, and Plaintiff's principal was to be repaid in full on or before August 25, 2020. In March 2020, Defendants defaulted on the investment and breached the Subscription Agreement.

b. In April 2020, Plaintiff was fraudulently induced by Defendants, including Vagnozzi, ABFP, ABFP Management, ABFP Income Fund 4, LLC, and ABFP Income Fund 4 Parallel, LLC, Pauciulo, and Eckert Seamans, to enter into the sham ABFP Income

Fund 4 Exchange Offering, through which he acquired worthless Amended and Restated Notes issued by ABFP Income Fund 4 Parallel, LLC.

c. After making only two reduced monthly interest payments, Defendants, including Vagnozzi, ABFP, ABFP management, defaulted on the Amended and Restated Notes and breached the Exchange Notes Agreement between ABFP Income Fund 4, LLC, ABFP Income Fund 4 Parallel, LLC and Plaintiff.

d. To date, Defendants have failed to repay Plaintiff any of his principal investment. Plaintiff has been damaged as a result of Defendants' fraudulent scheme alleged herein.

77. Plaintiff Robin Lynn Boehm is an adult individual who is a resident and domiciliary of the State of New Jersey who maintains her principal residence in Somers Point, Atlantic County. During the Class Period, Plaintiff invested in unregistered securities that were promoted and offered by Defendants. Pursuant to a materially false and misleading Private Placement Memorandum and Subscription Agreement, in 2020, Plaintiff purchased $122,000 of unregistered securities in the form of limited partnership interests issued by ABFP Multi-Strategy Fund 2, LP. To date, Defendants have failed to repay Plaintiff any of her principal in this investment. Plaintiff has been damaged as a result of Defendants' fraudulent scheme alleged herein.

78. Plaintiff Patricia Crossin-Chawaga is an adult individual who is a resident and domiciliary of the State of Utah who maintains her principal residence in Kamas, Summit County. During the Class Period, Plaintiff invested in unregistered securities that were promoted and offered by Defendants.

a. Pursuant to a materially false and misleading Private Placement Memorandum and Subscription Agreement, on or about September 11, 2014, Plaintiff

used qualified retirement funds to purchase $99,000 of unregistered securities in the form of limited partnership interests issued by Pillar 5 Life Settlement Fund, L.P.

b. To date, Defendants have failed to repay Plaintiff her principal in this investment despite Defendants' representation that she would be repaid within 3 to 6 years. Plaintiff has been damaged as a result of Defendants' fraudulent scheme alleged herein.

79. Plaintiff Charles P. Moore is an adult individual who is a resident and domiciliary of the Commonwealth of Pennsylvania and maintains his principal residence in Harleysville, Montgomery County. During the Class Period, Plaintiff invested in unregistered securities that were promoted and offered by Defendants.

a. Pursuant to a false and misleading Private Placement Memorandum and Subscription Agreement/Limited Partnership Agreement, on or about February 11, 2020, Plaintiff purchased $100,000 of unregistered securities in the form of partnership interests in the ABFP Multi-Strategy Fund 2, LP.

b. Pursuant to a materially false and misleading Private Placement Memorandum dated May 1, 2020, and Subscription Agreement, on or about May 13, 2020, 2020, Plaintiff used $100,000 of qualified retirement funds and $10,000 of cash to purchase $110,000 of unregistered securities in the form of limited partnership interests issued by Promed Investment Co., L.P., a Delaware limited partnership of which Defendant Vagnozzi is the sole member.

c. Pursuant to a materially false and misleading Private Placement Memorandum and Subscription Agreement, on or about December 27, 2019, Plaintiff purchased $251,000 of unregistered securities in the form of so-called "Class B Promissory Notes" issued by ABFP Income Fund 6, LLC. Under the terms of this

investment, Defendants were obligated to make payments to Plaintiff in the amount of $2,510 per month commencing on February 15, 2020 and continuing until January 15, 2021, at which time Defendants were obligated to repay all of Plaintiffs' principal. In March 2020, Defendants defaulted on the investment and breached the Subscription Agreement.

d. In April 2020, Plaintiff was fraudulently induced by Defendants, including Vagnozzi, Pauciulo, and Eckert Seamans, to enter into the sham ABFP Income Fund 6, LLC Exchange Offering, through which he acquired worthless Amended and Restated Notes issued by ABFP Income Fund 6 Parallel. In August 2020, Vagnozzi, ABFP, ABFP Income Fund 6, LLC, and ABFP Income Fund 6 Parallel, LLC, defaulted on the Amended and Restated Notes, and breached the Exchange Agreement between ABFP Income Fund 6 LLC, ABFP Income Fund 6 Parallel and Plaintiff.

e. To date, Defendants have failed to repay Plaintiff any of his principal on these investments. Plaintiff has been damaged as a direct and proximate result of Defendants' fraudulent scheme alleged herein.

80. Plaintiff James E. Hilton is an adult individual who is a resident and domiciliary of the Commonwealth of Pennsylvania and maintains his principal residence in Philadelphia, Philadelphia County. During the Class Period, Plaintiff invested in unregistered securities that were promoted and offered by Defendants.

a. Pursuant to a materially false and misleading Private Placement Memorandum and Subscription Agreement, on or about April 11, 2019, Plaintiff used qualified retirement funds to purchase $134,000 of securities in the form of a so-called "Class B" promissory note issued by ABFP Income Fund 3, LLC. Under the terms of the

Private Placement Memorandum and Subscription Agreement, Plaintiff expected to receive a 10% annual return in the form of 12 monthly payments in the amount of $1,116.67 beginning on June 13, 2019, and continuing until May 13, 2020, with full repayment of his principal on or before May 10, 2020. In March 2020, Defendants defaulted on the investment and breached the Subscription Agreement.

b. In April 2020, Plaintiff was fraudulently induced by Defendants, including Vagnozzi, ABFP and ABFP Management, to enter into the sham ABFP Income Fund 3 Exchange Offering, through which he acquired worthless Amended and Restated Notes issued by ABFP Income Fund 3 Parallel, LLC. After making only two reduced monthly interest payments, Vagnozzi, ABFP, ABFP Income Fund 3, LLC, and ABFP Income Fund 3 Parallel, LLC, defaulted on the Amended and Restated Notes, and they breached the Exchange Agreement between ABFP Income Fund 3, LLC, ABFP Income Fund 3 Parallel, LLC and Plaintiff.

c. To date, Defendants have failed to repay Plaintiff any of his principal investment. Plaintiff has been damaged as a direct and proximate result of Defendants' fraudulent scheme alleged herein.

81. Plaintiff Douglas C. Kunkel is an adult individual who is a resident and domiciliary of the State of Washington and maintains his principal residence in Renton, King County. During the Class Period, Plaintiff invested in unregistered securities that were promoted and offered by Defendants.

a. Pursuant to a false and misleading Private Placement Memorandum and Subscription Agreement/Limited Partnership Agreement, on or about March 20, 2018, Plaintiff purchased $150,000 of unregistered securities in the form of partnership interests

Case 9:20-cv-81205-RAR Document 1994-5 Entered on FLSD Docket 07/15/2024 Page 65 of

in the ABFP Multi-Strategy Investment Fund, LP.

b. Pursuant to a materially false and misleading Private Placement Memorandum and Subscription Agreement, on or about September 3, 2019, Plaintiff used qualified retirement funds to purchase $226,000 of unregistered securities in the form of so-called "Class D" promissory notes issued by Capricorn Income Fund I, LLC. Under the terms of this investment, Defendants were obligated to pay Plaintiff interest at a rate of 12% in 12 monthly installments of $2,636.67, commencing on October 25, 2019 and continuing until September 25, 2020, and the full repayment of his principal on or before September 25, 2020. In March 2020, Defendants defaulted on the investment and breached the Subscription Agreement.

c. In April 2020, Plaintiff was fraudulently induced by Defendants, including Vagnozzi, Pauciulo, and Eckert Seamans, to enter into the sham Capricorn Income Fund I Parallel LLC Exchange Note Offering, through which he acquired worthless Amended and Restated Notes issued by Capricorn Income Fund I Parallel LLC. After only two payments, Defendants defaulted on the Exchange Notes.

d. To date, Defendants have failed to repay Plaintiff this principal in these investments. Plaintiff has been damaged as a result of Defendants' fraudulent scheme alleged herein.

82. Plaintiff Bonnie Lee Beeman is an adult individual who is a resident and domiciliary of the State of Washington and maintains her principal residence in Renton, King County. During the Class Period, Plaintiff invested in unregistered securities that were promoted and offered by Defendants.

a. Pursuant to a materially false and misleading Private Placement

Memorandum and Subscription Agreement, on or about March 7, 2019, Plaintiff used qualified retirement funds to purchase $201,000 of unregistered securities in the form of so-called "Class C Notes" issued by Capricorn Income Fund I, LLC. Under the terms of this investment, Defendants were obligated to pay Plaintiff interest at a rate of 14% in 12 monthly installments of $2,345.00 commencing on April 25, 2019 and continuing until March 25, 2020, and the full repayment of her principal on or before March 25, 2020. In March 2020, Defendants defaulted on the investment and breached the Subscription Agreement.

b. Pursuant to a materially false and misleading Private Placement Memorandum and Subscription Agreement, on or about October 17, 2019, Plaintiffs Beeman and her husband Plaintiff Douglas Kunkel jointly purchased $100,000 of unregistered securities in the form of promissory notes issued by Capricorn Income Fund I, LLC. Under the terms of this investment, Plaintiffs expected to receive 12% interest on their investment paid in 12 monthly installments, and the full repayment of their principal in or around October 2020. In March 2020, Defendants defaulted on the investment and breached the Subscription Agreement.

c. In April 2020, Plaintiffs were fraudulently induced by Defendants, including Vagnozzi, Pauciulo, and Eckert Seamans, to enter into the sham Capricorn Income Fund I Parallel LLC Exchange Note Offering, through which they acquired worthless Amended and Restated Notes issued by Capricorn Income Fund I Parallel LLC. After only two payments, Defendants defaulted on the Exchange Notes.

d. Pursuant to a materially false and misleading Private Placement Memorandum and Subscription Agreement, on or about February 13, 2019, Plaintiffs

Beeman and Kunkel purchased $210,000 of unregistered securities in the form of a so-called "Class C Promissory Note" issued by ABFP Income Fund, LLC. Under the terms of this investment, Defendants were obligated to pay 14% interest on her investment paid in 12 monthly installments and Plaintiffs' principal was to be repaid in full in or around March 2020. In March 2020, Defendants defaulted on the investment and breached the Subscription Agreement.

e. Pursuant to a materially false and misleading Private Placement Memoranda and Subscription Agreements, in or around April 25, 2019, Plaintiffs Beeman and Kunkel purchased $250,000 of unregistered securities in the form of a so-called "Class C Promissory Note" issued by ABFP Income Fund, LLC. Under the terms of this investment, Plaintiffs expected to receive 14% interest paid in 12 monthly installments, and the full repayment of her principal in or around March 2020. In March 2020, Defendants defaulted on this investment and breached the Subscription Agreements

f. In April 2020, Plaintiffs were fraudulently induced by Defendants, including Vagnozzi, Pauciulo, and Eckert Seamans, to enter into the sham ABFP Income Fund Exchange Notes Offering, through which they acquired worthless Amended and Restated Notes issued by ABFP Income Fund Parallel, LLC. After making only two reduced monthly interest payments, Vagnozzi, ABFP Income Fund, LLC, and ABFP Income Fund Parallel, LLC, defaulted on the Amended and Restated Notes, and they breached the Exchange Agreement between ABFP Income Fund, LLC, ABFP Income Fund Parallel, LLC and Plaintiffs.

g. Pursuant to a materially false and misleading Private Placement Memoranda and Subscription Agreements, in or around June 6, 2019, Plaintiffs Beeman

and Kunkel purchased $151,000 of unregistered securities in the form of partnership interests issued by ABFP Income Fund 2, L.P. Under the terms of this investment, Plaintiffs expected to receive 14% interest paid in 12 monthly installments, and the full repayment of her principal in May 2020. In March 2020, Defendants defaulted on this investment and breached the Subscription Agreements.

h. In April 2020, Defendants, including Vagnozzi, Pauciulo and Eckert Seamans, caused ABFP Income Fund 2, L.P. to enter into the sham ABFP Income Fund Exchange Note Offering, through which Plaintiffs Beeman and Kunkel acquired worthless Amended and Restated Notes issued by ABFP Income Fund 2 Parallel L.P. After only two payments, Defendants defaulted on the Exchange Notes.

i. To date, Defendants have failed to repay Plaintiffs their principal in these investments. Plaintiffs have been damaged as a result of Defendants' fraudulent scheme alleged herein.

83. Plaintiff Ernest S. Lavorini is an adult individual who is a resident and domiciliary of the State of California and maintains his principal residence in Lafayette, Contra Costa County. During the Class Period, Plaintiff invested in unregistered securities that were promoted and offered by Defendants.

a. Pursuant to a materially false and misleading Private Placement Memorandum dated February 1, 2017 and Subscription Agreement, on or about May 16, 2017, Plaintiff used qualified retirement funds to purchase $100,000 of unregistered securities in the form of limited partnership interests issued by Pillar 8 Life Settlement Fund, L.P. a/k/a Gibraltar Fund L.P.

b. Pursuant to a materially false and misleading Private Placement

Case 25-R-05562-MBR ... Filed 11/06/20 ... Page 69 of 175

Memorandum dated February 1, 2017 and Subscription Agreement, on or about May 24, 2017, Plaintiff used qualified retirement funds to purchase $58,500 of unregistered securities in the form of limited partnership interests issued by Pillar 8 Life Settlement Fund, L.P. a/k/a Gibraltar Fund L.P.

c. To date, Defendants have failed to repay Plaintiff any of his principal in these investments. Plaintiff has been damaged as a result of Defendants' fraudulent scheme alleged herein.

84. Plaintiff Elizabeth Ann Doyle is an adult individual who is a resident and domiciliary of the State of California and maintains her principal residence in Lafayette, Contra Costa County. During the Class Period, Plaintiff invested in unregistered securities that were promoted and offered by Defendants.

a. Pursuant to a false and misleading Private Placement Memorandum and Subscription Agreement/Limited Partnership Agreement, on or about January 30, 2019, Plaintiffs Lavorini and Doyle purchased $500,000 of unregistered securities in the form of partnership interests in the ABFP Multi-Strategy Investment Fund, LP.

b. Pursuant to a materially false and misleading Private Placement Memorandum and Subscription Agreement, on or about April 16, 2020, Plaintiffs Lavorini and Doyle purchased $200,000 of unregistered securities in the form of promissory notes issued by Atrium Legal Capital 3, LLC. Under the terms of this investment, Defendants were obligated to make quarterly payments to Plaintiff in the amount of $5,000.00, and to repay their entire principal investment on or before April 25, 2022.

c. To date, Defendants have failed to repay Plaintiffs any of their principal in these investments. Plaintiffs have been damaged as a result of Defendants' fraudulent

scheme alleged herein.

85. Plaintiff Joseph Greenberg is an adult individual who is a resident and domiciliary of the Commonwealth of Pennsylvania who maintains his principal residence in Feasterville, Bucks County. During the Class Period, Plaintiff Greenberg invested in unregistered securities that were promoted and offered by Defendants.

a. Pursuant to a materially false and misleading Private Placement Memorandum and Subscription Agreement, on or about January 2, 2019, Plaintiff Greenberg used qualified retirement funds to purchase $150,000 of unregistered securities in the form of partnership interests in ABFP Multi-Strategy Investment Fund, LP.

b. Pursuant to a materially false and misleading Private Placement Memorandum and Subscription Agreement, on March 18, 2019, Plaintiff Greenberg invested $101,000 in the ABFP Income Fund 3, LLC. Under the terms of the Private Placement Memorandum and Subscription Agreement, Plaintiff Greenberg expected to receive a 10% annual return in the form of 12 monthly payments in the amount of $841.67 commencing on April 28, 2019 and continuing until March 28, 2020, with the full repayment of his principal on or before March 25, 2020. In March 2020, Defendants defaulted on the investment and breached the Subscription Agreement.

c. In April 2020, Plaintiff Greenberg was fraudulently induced by Defendants, including Vagnozzi, ABFP, ABFP Management, ABFP Income Fund 3, LLC, ABFP Income Fund 3 Parallel LLC, Pauciulo and Eckert Seamans, to enter into the sham ABFP Income Fund Exchange Offering, through which he acquired worthless Amended and Restated Notes issued by ABFP Income Fund 3 Parallel LLC. After making only two reduced monthly interest payments, Vagnozzi, ABFP, ABFP management, ABFP Income

Fund 3, LLC and ABFP Income Fund 3 Parallel, LLC, defaulted on the Amended and Restated Notes and breached the Exchange Agreement between ABFP Income Fund 3, LLC, ABFP Income Fund 3 Parallel LLC and Plaintiff Greenberg.

d. To date, Defendants have failed to repay Plaintiff any of his principal in these investments. Plaintiff has been damaged as a result of Defendants' fraudulent scheme alleged herein.

86. Plaintiff Donald Dempsey is an adult individual who is a resident and domiciliary of the State of New Jersey who maintains his principal residence in Columbus, Burlington County. During the Class Period, Plaintiff invested in unregistered securities that were promoted and offered by Defendants.

a. Pursuant to a materially false and misleading Private Placement Memorandum and Subscription Agreement, in early 2020, Plaintiff Dempsey purchased $100,000 of unregistered securities in the form of so-called "Promissory Notes" issued by ABFP Income Fund 6, LLC. Under the terms of this investment, Defendants were obligated to make payments to Mr. Dempsey in the amount of 10 percent monthly, which was to continue for a term of 12 months. In March 2020, Defendants defaulted on the investment and breached the Subscription Agreement.

b. In April 2020, Plaintiff Dempsey was fraudulently induced by Defendants, including Vagnozzi, Pauciulo, and Eckert Seamans, to enter into the sham ABFP Income Fund 6, LLC Exchange Offering, through which he acquired worthless Amended and Restated Notes issued by ABFP Income Fund 6 Parallel. In August 2020, Vagnozzi, ABFP, ABFP Income Fund 6, LLC, and ABFP Income Fund 6 Parallel, LLC, defaulted on the Amended and Restated Notes, and breached the Exchange Agreement between

ABFP Income Fund 6 LLC, ABFP Income Fund 6 Parallel and Plaintiff Dempsey.

c. To date, Defendants have failed to repay Plaintiff any of his principal investment. Plaintiff has been damaged as a direct and proximate result of Defendants' fraudulent scheme alleged herein.

87. The table below summarizes each of the Plaintiffs' investments in unregistered securities promoted and sold by Defendants:

Fund	Plaintiff(s)	Amount Invested
ABFP Income Fund, LLC / ABFP Income Fund Parallel LLC	Dennis Melchior	$300,000
	Thomas D. Green	$620,000
	Maureen A. Green	$299,000
	Shawn P. Carlin	$300,000
	Marcy H. Kershner	$100,000
	Bonnie Beeman & Doug Kunkel	$210,000
ABFP Income Fund 2, L.P. / ABFP Income Fund 2 Parallel L.P.	Dominick Bellizzie & Janet Kaminski	$100,000
	Glen W. Cole	$200,000
	Bruce Chasan	$100,000
	Barbara J. Barr & Michael Barr	$112,000
	Bonnie Beeman & Doug Kunkel	$151,000
	Bonnie Beeman & Doug Kunkel	$250,000
ABFP Income Fund 3, LLC / ABFP Income Fund 3 Parallel, LLC	Joseph Brock	$200,000
	Linda Letier	$125,000
	Dominick Bellizzie	$105,000
	W. Bruce Butler	$399,000
	Robert Betz	$101,000
	Roy Mills	$240,000
	Jace A. Weaver	$101,000
	Robert DelRocco	$400,000
	Marilyn Swartz	$50,000
	Robert Yori	$250,000
	Joan L. Yori	$102,000
	Raymond D. Fergione	$340,000
	James E. Hilton	$134,000
	Joseph Greenberg	$101,000
ABFP Income Fund 4, LLC / ABFP Income Fund 4 Parallel, LLC	Raymond G. Heffner	$530,000

	Cynthia Butler	$300,000
	Laurie H. Sutherland & William M. Sutherland	$120,000
	Neil Benjamin	$100,000
	Jordan Lepow	$50,000
	Raymond Bruce Boehm	$73,000
ABFP Income Fund 6, LLC / ABFP Income Fund 6 Parallel, LLC	Cynthia & W. Bruce Butler	$501,000
	Michael D. Groff	$60,000
	John W. Harvey	$100,000
	Jace A. Weaver	$250,000
	Donald Dempsey	$100,000
	Charles P. Moore	$251,000
Spartan Income Fund, LLC / Spartan Income Fund Parallel, LLC	Robert Hawrylak	$50,000
Pisces Income Fund LLC / Pisces Income Fund Parallel LLC	Teresa Kirk-Junod	$100,000
	Linda Letier	$261,000
	Marcy H. Kershner	$113,178
	George S. Roadknight	$50,000
	Fred Barakat	$251,000
	Mark Tarone	$96,000
Capricorn Income Fund I, LLC / Capricorn Income Fund I Parallel LLC	Barbara J. Barr & Michael Barr	$120,000
	Doug Kunkel	$226,000
	Bonnie Beeman & Doug Kunkel	$100,000
	Bonnie Beeman	$201,000
Merchant Services Income Fund, LLC	Raymond Fergione	$110,500
ABFP Multi-Strategy Fund, LP	Fred Barakat	$100,000
	Mark D. Newkirk	$100,000
	Joseph Camaioni	$125,000
	Joan L. Yori	$200,000
	Doug Kunkel	$150,000
	E. Lavorini & E. Doyle	$500,000
	Joseph Greenberg	$150,000
ABFP Multi-Strategy Fund 2, LP	Edward Woods	$75,000
	Jace A. Weaver	$100,000
	Robin Lynn Boehm	$122,000
	Charles P. Moore	$100,000
Pillar Life Settlement Fund 1, LP	Thomas D. Green	$100,000
	Joseph Brock	$169,000

	Leonard Goldstein	$60,000
Pillar 2 Life Settlement Fund, LP	John Butler	$100,000
Pillar 3 Life Settlement Fund, LP	John Madden	$100,000
Pillar 4 Life Settlement Fund, LP	Thomas D. Green	$211,000
	Chantal Boyer	$50,000
Pillar 5 Life Settlement Fund, LP	Patricia Crossin-Chawaga	$99,000
Pillar 6 Life Settlement Fund, LP	Barbara J. Barr & Michael Barr	$250,000
Pillar 7 Life Settlement Fund, LP	Glen W. Cole, Jr.	$125,000
Pillar 8 Life Settlement Fund, LP	Marcy H. Kershner	$100,000
	Bruce Chasan	$75,000
	Michael Swan	$109,500
	Ernest S. Lavorini	$100,000
	Ernest S. Lavorini	$58,500
ATRIUM LEGAL CAPITAL, LLC	Thomas D. Green	$100,000
	Raymond D. Fergione	$161,800
ATRIUM LEGAL CAPITAL 2, LLC	David Jakeman	$100,000
	Mark Tarone	$50,000
ATRIUM LEGAL CAPITAL 3, LLC	David Jakeman	$150,000
	E. Lavorini & E. Doyle	$200,000
ATRIUM LEGAL CAPITAL 4, LLC	Mark D. Newkirk	$50,000
FALLCATCHER, INC.	Thomas D. Green	$100,000
PROMED INVESTMENT CO., L.P.	Thomas D. Green	$100,000
	Charles P. Moore	$110,000
WOODLAND FALLS INVESTMENT FUND, LLC	Thomas D. Green	$100,000
TOTAL INVESTED		**$14,154,478**

Defendants

88. Defendant Dean J. Vagnozzi is an adult individual who is a resident and domiciliary of the Commonwealth of Pennsylvania, who has a background as an insurance agent but is better known for doing business through the entity ABetterFinancialPlan.com d/b/a A Better Financial Plan, which Vagnozzi owns, controls, and/or exercises dominion over making it his corporate alter ego. Vagnozzi maintains his principal place of business at 234 Mall Boulevard, Suite 270, King of Prussia, PA 19406. In 2008, Defendant Vagnozzi obtained Series 6 and Series 63 broker-dealer licenses, both of which were suspended by the SEC, thus precluding him from engaging in the

investment, banking and securities businesses.

89. Defendant Vagnozzi's control over each of the ABFP entities identified herein included, without limitation, control over each entity's brokerage and bank accounts, signatory authority over all contractual agreements entered into or on behalf of such entities, and every other aspect of these businesses.

90. Defendant Christa Vagnozzi, the spouse of Defendant Dean Vagnozzi, is an adult individual who is a resident and domiciliary of the Commonwealth of Pennsylvania. Upon information and belief, Defendant Christa Vagnozzi is in possession of money and other assets that were derived from her husband's fraudulent scheme.

91. Defendant Alec Vagnozzi, the son of Defendant Dean Vagnozzi, is a former ABFP employee, and an adult individual who is a resident and domiciliary of the Commonwealth of Pennsylvania. Defendant Alec Vagnozzi is a member of the Pisces Income Fund, LLC, which sold high-risk merchant cash advance investments. Defendant Alec Vagnozzi made false and misleading statements to Plaintiffs and the Class concerning investments offered by ABFP for the purpose of selling such securities to investors during the Class Period.

92. Defendant Albert Vagnozzi is an adult individual and the brother of Defendant Dean Vagnozzi who was an employee, agent and/or affiliate of ABFP during the Class Period. During the Class Period Defendant Albert Vagnozi served as member, promoter and seller of securities issued by Defendant Capricorn Income Fund I, LLC, which sold high-risk merchant cash advance investments. Defendant Albert Vagnozzi made false and misleading statements to Plaintiffs and the Class concerning investments offered by ABFP for the purpose of selling such securities to investors during the Class Period.

93. Defendant Shannon Westhead is an adult individual and a former ABFP employee

who is a member of the Pisces Income Fund, LLC, which sold high-risk merchant cash advance investments. Defendant Westhead made false and misleading statements to Plaintiffs and the Class concerning investments offered by ABFP for the purpose of selling such securities to investors during the Class Period.

94. Defendant Jason Zwiebel is an adult individual and a former ABFP employee who made false and misleading statements to Plaintiffs and members of the Class concerning investments offered by ABFP for the purpose of selling such securities to investors during the Class Period.

95. Defendant Andrew Zuch is an adult individual and a former ABFP employee who made false and misleading statements to Plaintiffs and the Class concerning investments offered by ABFP for the purpose of selling such securities to investors during the Class Period.

96. Defendant Michael Tierney is an adult individual and a former employee of ABFP. During the Class Period, Defendant Tierney served as member, promoter and seller of unregistered securities issued by Merchant Services Income Fund, LLC, which sold high-risk merchant cash advance investments. Defendant Tierney made false and misleading statements to Plaintiffs and the Class concerning investments offered by ABFP for the purpose of selling such securities to investors during the Class Period.

97. Defendant Paul Terence Kohler is an adult individual and a former employee, agent and/or affiliate of ABFP. During the Class Period Defendant Kohler served as member, promoter and seller of unregistered securities issued by Defendant Capricorn Income Fund I, LLC, which sold high-risk merchant cash advance investments. Defendant Kohler made false and misleading statements to Plaintiffs and the Class concerning investments offered by ABFP for the purpose of selling such securities to investors during the Class Period.

98. Defendant John Myura, an adult individual who is a resident of the State of Delaware, is a former ABFP employee is the sole member of Spartan Income Fund, LLC, which sold high-risk merchant cash advance investments. Defendant Myura made false and misleading statements to Plaintiffs and the Class concerning investments offered by ABFP for the purpose of selling such securities to investors during the Class Period.

99. Defendant John W. Pauciulo ("Pauciulo") is a partner in the law firm of Eckert Seamans Cherin & Mellott, LLC, who maintains his professional office at 50 South 16th St., 22nd Floor, Philadelphia, PA 19102. Pauciulo has been Vagnozzi's lawyer for at least 16 years and he has put together most, if not all, ABFP securities offerings. Pauciulo has played a central role in the fraudulent scheme alleged in this action. In a video for ABFP, Pauciulo acknowledged his professional obligations to make full and complete disclosures to prospective investors, stating: "And when I began working with Dean and we talked about investing in this asset class, ***my job was to make sure that I created a document for an investor that they could pick up, read, and understand and get comfortable with the asset class, knowing that they had full and fair disclosure about the benefits and the potential risks of the asset class***." (Emphasis added). However, as detailed below, Pauciulo failed to create offering documents that truthfully, accurately, and completely disclosed the risks of the ABFP investments. Instead, he repeatedly made false and misleading statements and material omissions to investors for the purpose of enriching himself and Defendants.

100. Defendant Eckert Seamans Cherin & Mellott, LLC ("Eckert Seamans") is a national law firm with approximately 350 attorneys, that maintain offices in 15 cities, including Philadelphia, Pennsylvania.

101. Defendant Spartan Income Fund, LLC is a Delaware limited liability company that

is engaged in the business of issuing unregistered merchant cash advance investments, and maintains its principal place of business at 24 Degas Circle, Wilmington, DE 19808. Former ABFP employee John Myura is the sole member of Spartan Income Fund, LLC. Defendants Vagnozzi, ABFP and ABFP management were promoters and unregistered sellers of securities offered by this entity and Defendants Pauciulo and Eckert Seamans drafted all documents pertaining to the formation of this entity and the offering and sale of merchant cash advance investments issued by this entity, including Private Placement Memoranda and Subscription Agreements.

102. Defendant Pisces Income Fund LLC is a Delaware limited liability company that is engaged in the business of issuing unregistered merchant cash advance investments, and maintains its principal place of business at 234 Mall Boulevard, Suite 270, King of Prussia, PA 19406. Former ABFP employees Shannon Westhead and Alec Vagnozzi are members of the Pisces Income Fund LLC. Defendants Dean Vagnozzi, ABFP, ABFP Management, Shannon Westhead and Alec Vagnozzi were promoters and sellers of unregistered securities offered by this entity and raised at least **$14,800,000** from **96** investors. Defendants Pauciulo and Eckert Seamans drafted all documents pertaining to the formation of this entity and the offering and sale of merchant cash advance investments issued by this entity, including Private Placement Memoranda and Subscription Agreements.

103. Defendant Capricorn Income Fund I, LLC is a Delaware limited liability company that was formed in May 2018, that is engaged in the business of issuing unregistered merchant cash advance investments, and maintains its principal place of business at 21 West Front Street, Suite 300, Media, PA 19063. Capricorn Income Fund I, LLC's Form D filed with the SEC stated that the fund was relying on the exemption from registration provided pursuant to Rule 506(b) of Regulation D. The Form D, signed by Defendant Pauciulo, identifies former ABFP employees

and/or affiliates Paul Terence Kohler and Albert Vagnozzi as promoters of the Capricorn Income Fund I, LLC. Defendants Dean Vagnozzi, ABFP, ABFP Management, Kohler, and Albert Vagnozzi sold approximately **$18,694,211** of unregistered securities issued by this entity and Defendants Pauciulo and Eckert Seamans drafted all documents pertaining to the formation of this entity and the offering and sale of merchant cash advance investments issued by this entity, including Private Placement Memoranda and Subscription Agreements.

104. Defendant Merchant Services Income Fund, LLC is a Delaware limited liability company that was formed on or about January 16, 2019, that is engaged in the business of issuing unregistered merchant cash advance investments, and maintains its principal place of business at 234 Mall Boulevard, Suite 270, King of Prussia, PA 19406. Merchant Services Income Fund, LLC's Form D filed with the SEC stated that the fund was relying on the exemption from registration provided pursuant to Rule 506(b) of Regulation D. The Form D, signed by Defendant Pauciulo, identifies former ABFP employee Defendant Michael Tierney as promoter of the Merchant Services Income Fund, LLC. Defendants Dean Vagnozzi, Michael Tierney, ABFP, ABFP Management, Merchant Services Income Fund, LLC sold approximately **$3,372,450** of unregistered securities issued by this entity and Defendants Pauciulo and Eckert Seamans drafted all documents pertaining to the formation of this entity and the offering and sale of merchant cash advance investments issued by this entity, including Private Placement Memoranda and Subscription Agreements.

105. Defendant Coventry First LLC is a limited liability company engaged in the sale of life settlement funds that maintains its principle place of business at 7111 Valley Green Road, Fort Washington, Pennsylvania. After the collapse of Life Partners in 2015, Coventry First LLC became Dean Vagnozzi's primary source of life insurance policies for his life settlement funds.

106. Defendant Pillar Life Settlement Fund I, L.P. ("Pillar 1") is a Delaware limited partnership located in Collegeville, PA, that was formed in November 2010. Its sole general partner is ABFP Management. Pillar 1 is an investment fund comprised of ownership interests in life settlement contracts. Vagnozzi has served as Pillar 1's promoter and Defendants Pauciulo and Eckert Seamans drafted all documents pertaining to the formation of this entity and the offering and sale of unregistered securities issued by this entity, including Private Placement Memoranda and Subscription Agreements.

107. Defendant Pillar II, Life Settlement Fund, L.P. ("Pillar 2") is a Delaware limited partnership located in Collegeville, PA, that was formed in July 2014. Its sole general partner is ABFP Management. Pillar 2 is an investment fund comprised of ownership interests in life settlement contracts. Pillar 2's Form D filed with the SEC stated that the fund was relying on the exemption from registration provided pursuant to Rule 506(b) of Regulation D. The Form D identifies Vagnozzi as Pillar 2's promoter and Defendants Pauciulo and Eckert Seamans drafted all documents pertaining to the formation of this entity and the offering and sale of unregistered securities issued by this entity, including Private Placement Memoranda and Subscription Agreements.

108. Defendant Pillar 3 Life Settlement Fund, L.P. ("Pillar 3") is a Delaware limited partnership located in Collegeville, PA, that was formed in April 2012. Its sole general partner is ABFP Management. Pillar 3 is an investment fund comprised of ownership interests in life settlement contracts. Pillar 3's Form D filed with the SEC stated that the fund was relying on the exemption from registration provided pursuant to Rule 506(b) of Regulation D. The Form D, signed by Defendant Pauciulo, identifies Vagnozzi as Pillar 3's promoter and Defendants Pauciulo and Eckert Seamans drafted all documents pertaining to the formation of this entity and the

offering and sale of unregistered securities issued by this entity, including Private Placement Memoranda and Subscription Agreements.

109. Defendant Pillar 4 Life Settlement Fund, L.P. ("Pillar 4") is a Delaware limited partnership located in Collegeville, PA, that was formed in July 2014. Its sole general partner is ABFP Management. Pillar 4 is an investment fund comprised of ownership interests in life settlement contracts, for which Vagnozzi raised at least $4,155,250 from 50 investors. Pillar 4's Form D filed with the SEC stated that the fund was relying on the exemption from registration provided pursuant to Rule 506(b) of Regulation D. The Form D identifies Vagnozzi as Pillar 4's promoter and Defendants Pauciulo and Eckert Seamans drafted all documents pertaining to the formation of this entity and the offering and sale of unregistered securities issued by this entity, including Private Placement Memoranda and Subscription Agreements.

110. Defendant Pillar 5 Life Settlement Fund, L.P. ("Pillar 5") is a Delaware limited partnership located in Collegeville, PA, that was formed in September 2017. Its sole general partner is ABFP Management. Pillar 5 is an investment fund comprised of ownership interests in life settlement contracts, for which Vagnozzi raised at least $4,912,941 from 40 investors. Pillar 5's Form D filed with the SEC stated that the fund was relying on the exemption from registration provided pursuant to Rule 506(b) of Regulation D. The Form D, signed by Defendant Pauciulo, identifies Vagnozzi as Pillar 5's promoter and Defendants Pauciulo and Eckert Seamans drafted all documents pertaining to the formation of this entity and the offering and sale of unregistered securities issued by this entity, including Private Placement Memoranda and Subscription Agreements.

111. Defendant Pillar 6 Life Settlement Fund, L.P. ("Pillar 6") is a Delaware limited partnership located in Collegeville, PA. Its sole general partner is ABFP Management. Pillar 6 is

an investment fund comprised of ownership interests in life settlement contracts, for which Vagnozzi raised at least $6,217,950 from 72 investors. Pillar 6 did not file a Form D with the SEC. Vagnozzi has served as Pillar 6's promoter and Defendants Pauciulo and Eckert Seamans drafted all documents pertaining to the formation of this entity and the offering and sale of unregistered securities issued by this entity, including Private Placement Memoranda and Subscription Agreements.

112. Defendant Pillar 7 Life Settlement Fund, L.P. ("Pillar 7") is a Delaware limited partnership located in Collegeville, PA. Its sole general partner is ABFP Management. Pillar 7 is an investment fund comprised of ownership interests in life settlement contracts, for which Vagnozzi raised at least $6,620,000 from 78 investors. Pillar 7 did not file a Form D with the SEC. Defendant Vagnozzi has served as Pillar 7's promoter and Defendants Pauciulo and Eckert Seamans drafted all documents pertaining to the formation of this entity and the offering and sale of unregistered securities issued by this entity, including Private Placement Memoranda and Subscription Agreements.

113. Defendant Pillar 8 Life Settlement Fund, L.P. ("Pillar 8") is a Delaware limited partnership located in Collegeville, PA, that was formed in October 2017. Its sole general partner is ABFP Management. Pillar 8 is an investment fund comprised of ownership interests in life settlement contracts, for which Vagnozzi raised at least $11,056,660 from 99 investors. Pillar 8's Form D filed with the SEC stated that the fund was relying on the exemption from registration provided pursuant to Rule 506(b) of Regulation D. The Form D, signed by Defendant Pauciulo, identifies Vagnozzi as Pillar 8's promoter and Defendants Pauciulo and Eckert Seamans drafted all documents pertaining to the formation of this entity and the offering and sale of unregistered

securities issued by this entity, including Private Placement Memoranda and Subscription Agreements.

114. Defendant Atrium Legal Capital, LLC ("Atrium"), formed on or about June 16, 2017, is a Pennsylvania limited liability company that is engaged in the business of issuing unregistered securities in the form of promissory notes that purport to be backed by interests in personal injury lawsuits that maintains its principal place of business at 234 Mall Boulevard, Suite 270, King of Prussia, PA 19406. Defendant Vagnozzi is the sole member, promoter and seller of unregistered securities issued by Atrium Legal Capital, LLC. Defendants Pauciulo and Eckert Seamans drafted all documents pertaining to the formation of this entity and the offering and sale of unregistered securities issued by this entity, including Private Placement Memoranda and Subscription Agreements.

115. Defendant Atrium Legal Capital 2, LLC ("Atrium 2"), formed on or about October 2, 2019, is a Pennsylvania limited liability company that is engaged in the business of issuing unregistered securities in the form of promissory notes that purport to be backed by interests in personal injury lawsuits that maintains its principal place of business at 234 Mall Boulevard, Suite 270, King of Prussia, PA 19406. Defendant Vagnozzi is the sole member, promoter and seller of unregistered securities issued by Atrium Legal Capital 2, LLC. Defendants Pauciulo and Eckert Seamans drafted all documents pertaining to the formation of this entity and the offering and sale of unregistered securities issued by this entity, including Private Placement Memoranda and Subscription Agreements.

116. Defendant Atrium Legal Capital 3, LLC ("Atrium 3") is a Pennsylvania limited liability company that is engaged in the business of issuing unregistered securities in the form of promissory notes that purport to be backed by interests in personal injury lawsuits that maintains

Case 2:25-cv-05562-MRP Document 1 Filed 10/06/25 Page 84 of 175

its principal place of business at 234 Mall Boulevard, Suite 270, King of Prussia, PA 19406. Defendant Vagnozzi is the sole member, promoter and seller of unregistered securities issued by Atrium Legal Capital 3, LLC. Defendants Pauciulo and Eckert Seamans drafted all documents pertaining to the formation of this entity and the offering and sale of unregistered securities issued by this entity, including Private Placement Memoranda and Subscription Agreements.

117. Defendant Atrium Legal Capital 4, LLC ("Atrium 4"), formed on or about June 5, 2020, is a Pennsylvania limited liability company engaged in the business of issuing unregistered securities in the form of promissory notes that purport to be backed by interests in personal injury lawsuits and maintains its principal place of business at 234 Mall Boulevard, Suite 270, King of Prussia, PA 19406. Defendant Vagnozzi is the sole member, promoter and seller of unregistered securities issued by Atrium Legal Capital 4, LLC. Defendants Pauciulo and Eckert Seamans drafted all documents pertaining to the formation of this entity and the offering and sale of unregistered securities issued by this entity, including Private Placement Memoranda and Subscription Agreements.

118. Defendant Fallcatcher, Inc. ("Fallcatcher") is a Delaware corporation that had its principal place of business in West Palm Beach, Florida, during at least part of 2018. With a predecessor entity organized under Florida law, Fallcatcher purportedly operated for the purpose of creating, marketing, and selling biometric devices and software to track patients receiving treatment for substance addiction. Fallcatcher's stock is privately held. Defendant Vagnozzi has served as Fallcatcher's promoter and Defendants Pauciulo and Eckert Seamans drafted all documents pertaining to the formation of this entity and the offering and sale of unregistered securities issued by this entity, including Private Placement Memoranda and Subscription Agreements.

119. Defendant Promed Investment Co., L.P. is a Delaware limited partnership that is engaged in the business of issuing unregistered securities in the form of limited partnership interests, that maintains its principal place of business at 234 Mall Boulevard, Suite 270, King of Prussia, PA 19406. Defendant ABFP Management is the General Partner of the ABFP Multi-Strategy Fund, LP. Defendant Vagnozzi is the sole member of Promed Investment Co., L.P. Defendants Vagnozzi, ABFP and ABFP management were promoters and unregistered sellers of securities offered by this entity and Defendants Pauciulo and Eckert Seamans drafted all documents pertaining to the formation of this entity and the offering and sale of unregistered securities issued by this entity, including Private Placement Memoranda and Subscription Agreements.

120. Defendant Woodland Falls Investment Fund, LLC is a Delaware limited liability company that is engaged in the business of issuing unregistered securities in the form of LLC interests that maintains its principal place of business at 234 Mall Boulevard, Suite 270, King of Prussia, PA 19406. Defendant Vagnozzi is the sole member of Woodland Falls Investment Fund, LLC. Defendants Vagnozzi, ABFP and ABFP management were promoters and unregistered sellers of securities offered by this entity and Defendants Pauciulo and Eckert Seamans drafted all documents pertaining to the formation of this entity and the offering and sale of unregistered securities issued by this entity, including Private Placement Memoranda and Subscription Agreements.

THE RECEIVERSHIP ENTITIES

121. On August 11, 2020, the U.S. District Court for the Southern District of Florida entered an Amended Order Appointing Ryan K. Stumphauzer as Receiver in the SEC Action. Pursuant to this order, A Better Financial Plan, ABFP Management Co., LLC, ABFP Income

Funds 1-6, ABFP Income Funds 1-6 Parallel, ABFP Multi-Strategy Fund, LP, and ABFP Multi-Strategy Fund 2, LP, have been placed into receivership (herein, the "Receivership Entities") and all litigation against such entities has been stayed. But for the stay of litigation, the Receivership Entities would be named as defendants in this action. Descriptions of these entities are provided below.

122. Receivership Entity ABetterFinancialPlan.com LLC d/b/a A Better Financial Plan ("ABFP") is a Pennsylvania limited liability company formed by Defendant Vagnozzi on November 12, 2010, engaged in the business of marketing, selling, and issuing unregistered securities. ABFP maintains its principal place of business at 114 Ithan Lane, Collegeville, PA 19426. Vagnozzi owns and manages ABFP and claims it is his corporate alter ego. Upon information and belief, Defendant Pauciulo drafted all documents pertaining to the formation of this entity.

123. Receivership Entity ABFP Management Company LLC ("ABFP Management"), formed on March 11, 2010 as "Pillar Life Settlement Management Company, LLC," is a limited liability company organized and existing under the laws of Delaware, with a principal place of business located at 234 Mall Boulevard, Suite 270, King of Prussia, PA 19406. On or about February 15, 2018, Vagnozzi caused to be filed with the Delaware Secretary of State, Division of Corporations, an Amendment to the Certificate of Formation to change the name of this entity to its current name. ABFP Management is wholly owned by Vagnozzi, and is engaged in the business of 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 Par Funding

Agent Funds in exchange for a portion of the investment returns. On information and belief, Defendant Pauciulo drafted all documents pertaining to the formation of this entity.

124. Receivership Entity ABFP Income Fund, LLC, a Delaware limited liability company formed on January 12, 2018, is engaged in the business of issuing unregistered merchant cash advance investments, and maintains its principal place of business at 234 Mall Boulevard, Suite 270, King of Prussia, PA 19406. Defendants Vagnozzi, ABFP and ABFP management were promoters and sellers of unregistered securities offered through this entity and Defendants Pauciulo and Eckert Seamans drafted all documents pertaining to the formation of this entity and the offering of merchant cash advance investments through this entity. According to documents filed with the SEC and the ABFP Income Fund, LLC Subscription Agreements, the minimum investment accepted from an outside investor is $75,000. According to the SEC Complaint, beginning no later than February 2, 2019, Vagnozzi, through ABFP Income Fund, LLC raised at least **$22 million** for Par Funding through the offer and sale of unregistered merchant cash investments to at least 99 investors.

125. Receivership Entity ABFP Income Fund 2, L.P., is a Delaware limited partnership formed in July 2018, that maintains its principal place of business at 234 Mall Boulevard, Suite 270, King of Prussia, PA 19406. Vagnozzi, through ABFP Management, formed ABFP Income Fund 2 for the purpose of raising investor money to pool and invest in the unregistered partnership interests that are invested in Par Funding merchant cash advance loans. Defendants Vagnozzi, ABFP and ABFP management were promoters and sellers of unregistered securities offered by this entity and Defendants Pauciulo and Eckert Seamans drafted all documents pertaining to the formation of this entity and the offering of unregistered merchant cash advance investments. According to documents filed with the SEC and the ABFP Income Fund 2, L.P. Subscription

Agreements, the minimum investment accepted from an outside investor is $75,000. According to the SEC Complaint, 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.

126. Receivership Entity ABFP Income Fund 3, LLC, a Delaware limited liability company formed in January 2019, is engaged in the business of issuing unregistered securities backed by merchant cash advance notes, that maintains its principal place of business at 234 Mall Boulevard, Suite 270, King of Prussia, PA 19406. Defendants Vagnozzi, ABFP and ABFP management were promoters and sellers of unregistered securities offered through this entity. Defendants Pauciulo and Eckert Seamans drafted all documents pertaining to the formation of this entity and the offering of unregistered merchant cash advance investments issued by this entity, including Private Placement Memoranda and Subscription Agreements. According to documents filed with the SEC and the Subscription Agreements, the minimum investment accepted from an outside investor is $50,000. Vagnozzi, through ABFP Income Fund 3, LLC raised at least **$28,826,000** for Par Funding through the offer and sale of unregistered merchant cash investments to approximately 123 investors.

127. Receivership Entity ABFP Income Fund 4, LLC, a Delaware Limited-Liability Company formed on April 8, 2019, is engaged in the business of issuing unregistered debt securities, and maintains its principal place of business at 234 Mall Boulevard, Suite 270, King of Prussia, PA 19406. Defendants Vagnozzi, ABFP and ABFP management were promoters and sellers of unregistered securities issued by this entity and Defendants Pauciulo and Eckert Seamans drafted all documents pertaining to the formation of this entity and the offering of unregistered merchant cash advance investments issued by this entity, including Private Placement Memoranda

Case 2:25-cv-05562-MRP Document 1 Filed 10/06/25 Page 89 of 175

and Subscription Agreements. According to documents filed with the SEC and the subscription agreements, the minimum investment accepted from an outside investor is $50,000. Vagnozzi, through ABFP Income Fund 4, LLC raised at least **$21,276,436** for Par Funding through the offer and sale of unregistered merchant cash investments to approximately 107 investors.

128. Receivership Entity ABFP Income Fund 6, LLC, a Delaware limited liability company formed on November 4, 2019, is engaged in the business of issuing unregistered securities backed by merchant cash advance notes, and maintains its principal place of business at 234 Mall Boulevard, Suite 270, King of Prussia, PA 19406. Defendants Vagnozzi, ABFP and ABFP management were promoters and sellers of unregistered securities offered by this entity and Defendants Pauciulo and Eckert Seamans drafted all documents pertaining to the formation of this entity and the offering and sales of unregistered merchant cash advance investments issued by this entity, including Private Placement Memoranda and Subscription Agreements. Vagnozzi, through ABFP Income Fund 4, LLC raised at least **$18,376,074** for Par Funding through the offer and sale of unregistered merchant cash investments to approximately 101 investors.

129. Receivership Entity ABFP Multi-Strategy Fund, LP is a Delaware limited partnership that is engaged in the business of issuing unregistered securities in the form of limited partnership interests that purport to be backed by a combination of merchant cash advance loans and in-force life insurance policies, and maintains its principal place of business at 234 Mall Boulevard, Suite 270, King of Prussia, PA 19406. Defendant ABFP Management is the General Partner of the ABFP Multi-Strategy Fund, LP. Defendant Vagnozzi is the sole member of Multi-Strategy Fund, LP. Defendants Vagnozzi, ABFP and ABFP management were promoters and unregistered sellers of securities offered by this entity and Defendants Pauciulo and Eckert Seamans drafted all documents pertaining to the formation of this entity and the offering and sale

Case 9:20-cv-81205-RAR Document 1994-5 Entered on FLSD Docket 07/15/2024 Page 90 of 175

of unregistered securities issued by this entity, including Private Placement Memoranda and Subscription Agreements.

130. Receivership Entity ABFP Multi-Strategy Fund 2, LP is a Delaware limited partnership that is engaged in the business of issuing unregistered securities in the form of limited partnership interests that purport to be backed by a combination of merchant cash advance loans and in-force life insurance policies, and maintains its principal place of business at 234 Mall Boulevard, Suite 270, King of Prussia, PA 19406. Defendant ABFP Management is the General Partner of the ABFP Multi-Strategy Fund, LP. Defendant Vagnozzi is the sole member of Multi-Strategy Fund, LP. Defendants Vagnozzi, ABFP and ABFP management were promoters and unregistered sellers of securities offered by this entity and Defendants Pauciulo and Eckert Seamans drafted all documents pertaining to the formation of this entity and the offering and sale of unregistered securities issued by this entity, including Private Placement Memoranda and Subscription Agreements. During the Class Period, approximately **77** members of the Class invested approximately **$10,234,500** in ABFP Multi-Strategy Fund 2, LP, which Defendants represented to have a total death benefit of $11.6 million.

131. Receivership entities ABFP Income Fund Parallel LLC; ABFP Income Fund 2 Parallel L.P.; ABFP Income Fund 3 Parallel, LLC; ABFP Income Fund 4 Parallel, LLC; and ABFP Income Fund 6 Parallel, LLC; and Defendants Capricorn Income Fund I Parallel, LLC, Spartan Income Fund Parallel, LLC, and Pisces Income Fund Parallel LLC are Delaware business entities that were formed by Defendants Vagnozzi, Pauciulo, and Eckert Seamans on or about April 22, 2020, for the purpose of restructuring ABFP's unregistered merchant cash advance investments.

132. At all times relevant to this action, Vagnozzi owned, controlled, and/or exercised dominion over each of the ABFP entities named herein including, without limitation, ABFP; 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 6, LLC; Spartan Income Fund, LLC; Pisces Income Fund 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; Spartan Income Fund Parallel, LLC; and Pisces Income Fund Parallel LLC (collectively, the "MCA Funds") which Vagnozzi has operated from the ABFP offices located at 234 Mall Boulevard, Suite 270, King of Prussia, PA 19406, making these companies his de facto corporate alter egos.

FACTS

The Unsecured ABFP Merchant Cash Advance Investments

133. ABFP sells unregistered securities to individuals who invest their hard-earned savings, including retirement funds held in IRAs. ABFP's unregistered securities offerings include investments that are backed by merchant cash advance loans to small businesses that lack sufficient creditworthiness to obtain conventional business loans and lines of credit from banks. ABFP also offers so-called life settlement funds (including the ABFP Multi-Strategy Fund 1 and 2, and the Pillar Life Settlement Funds 1-8); the litigation funding investments (including Atrium Legal Capital funds 1-4), real estate investments (including Woodland Falls Investment Fund, LLC), and other alternative asset investments (including Fallcatcher, Inc. and Promed Investment Co., L.P.)

134. Individual mom and pop investors typically learn about Defendant Vagnozzi and ABFP through Vagnozzi's pervasive advertisements that aired (until at least July 24, 2020 when the SEC Action against Vagnozzi and ABFP commenced) on KYW News Radio 1060 and Talk Radio 1210 WPHT, in which Vagnozzi claimed "[e]very single one of [his] investors earns a 10% annual return, with their interest check deposited into their bank account on the same day every

month, and all of their principal is returned to them after just one year."[23] Vagnozzi likewise promoted ABFP on Facebook and other social media platforms. Although these ads do not detail the nature of the investments offered by Vagnozzi and ABFP, he claims that ABFP is a "recession proof investment."[24] The economic events since March 2020 have proven this claim to be false.

135. During his investing seminars, which are really just in-person infomercials for ABFP's investment products, Vagnozzi represents that the ABFP merchant cash investments provide 10% monthly interest payments and a 100% return of principal after one year (*i.e.*, when the underlying Merchant Cash Advance loans comes due). He makes substantially similar representations about his life settlement funds, litigation funds, and real estate investments.

136. Vagnozzi further promotes his investing schemes through a book he self-published in 2016, titled: "A Better Financial Plan: Significantly Improve Your Finances Without the Help of Wall Street."

137. Vagnozzi's ads routinely emphasize the assistance of his attorneys and co-conspirators, Defendants Pauciulo and Eckert Seamans, who approve each of his ads. During these advertisements, Vagnozzi falsely claims that ABFP investments (*i.e.*, merchant cash funds, life settlement funds, litigation funds, and real estate funds) are safer than conventional investments:

> After sixteen years of testing creative investment strategies, A Better Financial Plan, LLC now boasts five unconventional investment offerings in five different industries ***that offer lower risk than investing in Wall Street*** with a much more predictable upside. None of them are available through traditional brokerage firms. ***The firm provides safe investments*** that deliver outstanding returns and fixed future payouts ***by sidestepping the volatility of the stock market***, unimpressive returns offered by indexed annuities, and unreliable prices of gold and silver. ***These investment opportunities*** are backed by two of the largest international companies

[23] DiStefano, Philadelphia Inquirer, *KOP firm's ad offers a '10% annual return.' Is that legit?* (Aug. 6, 2019), https://www.inquirer.com/business/vagnozzi-better-financial-plan-investor-risk-20190806.html
[24] *Id.*

> in the world and ***were created with the help of one of the nation's largest law firms***.[25]

(emphasis added). Defendant Pauciulo, in his capacity as a partner of Eckert Seamans and as longtime counsel to Vagnozzi and ABFP, has attended numerous ABFP investment seminars and free dinners, and participated in conference calls and other communications with ABFP investors, and thus, was aware of each of Defendant Vagnozzi's statements. Yet, Pauciulo and Eckert Seamans took no steps to correct, clarify, or repudiate such statements.

138. Additional examples of Defendant Vagnozzi's materially false and misleading radio advertisements[26] include the following:

<u>Advertisement A.</u>

> Dean Vagnozzi, president of A Better Financial Plan. And without ever leaving your house, we can introduce you to two alternative investments that were put together ***with the help of one of Philadelphia's largest law firms***. They are the ***perfect combination of safety and high yields*** and they absolutely need to be a piece of your portfolio today. ***They have fixed future pay outs***, they don't change value every day like the stock market, and they are not annuities. ***One investment pays a 10 percent return with interest paid quarterly*** and ***all of your original investment is returned after just two years***. ***The other investment has a 14 percent targeted return*** and is backed by some of the largest most financially secure companies in the world. These two investments are better than anything in your portfolio, anything. You can invest with cash or IRA dollars with no taxes or penalties, so grab your cell phone and listen to a free recorded message for more information. Call 855 999 1346. That's 855 999 1346. Call now.

(emphasis added). In order to falsely convey trustworthiness and financial stability, Defendant Vagnozzi touts ABFP's intimate working relationship with Defendant Eckert Seamans, which was involved in every offering of ABFP securities and Defendant Vagnozzi's claims that ABFP's

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[25] Vagnozzi paid press release, "Dean Vagnozzi Offers Successful 401(k)-Alternative Retirement Planning Strategies for Savvy Investors," (Mar. 9, 2020), available at https://apnews.com/930402a35432e59d92bfc3239372dc03

[26] Radio advertisements A-G were recorded from on-air broadcasts on KYW 1060 and WPHT 1210, and transcribed by a certified court reporter.

investments have a promised payout of 10 percent and 14 percent, depending upon which alternative asset investment is selected.

139. **Advertisement B.**

> Dean Vagnozzi of A Better Financial Plan and we're excited to tell you about a new investment for our credit investors that's going to be big, really big. ***This investment was put together with one of Philadelphia's largest law firms. It will pay you a 10 percent rate of return with your interest paid to you monthly and 100 percent of your principal is returned to you after just one year***. And here is the best part***: It's insured. Yep. It's insured. What that means is in the slim event we don't pay you, one of the largest insurance companies in the world will.*** There's no catch. This investment is that good. So get ready to dump that lousy annuity you bought from the other guy and ***kiss the market's volatility goodbye*** and come get your hands on what we feel is the best investment in the existence. Join the financial movement that we're creating in this city. Grab your cell phone and listen to a free recorded message to learn more. Calm 855 999 1346. That's 855 999 1346. Call now.

(emphasis added). In order to falsely convey trustworthiness and financial stability, Defendant Vagnozzi's radio ad touts ABFP's intimate working relationship with Defendant Eckert Seamans, which was involved in every offering of ABFP securities and Vagnozzi's claims that ABFP's investments have a promised payout of 10 percent, which he falsely represents that the entire principal investment is insured (a claim Vagnozzi typically made about the merchant cash advance investments, despite the fact that there was no insurance that provided coverage for such investements). Finally, Vagnozzi falsely represents that ABFP's investments are immune to trends and volatility of the financial markets, which is untrue, as demonstrated by the failure of the ABFP investments when the market crashed in March 2020.

140. **Advertisement C.**

> Dean Vagnozzi, president of A Better Financial Plan, and without ever leaving your house we can introduce you to ***four alternative investments that were put together with the help of one of Philadelphia's largest law firms***. ***They are secure, they deliver 10 to 14 percent annual returns, they have fixed future pay outs, they have absolutely nothing to do with Wall Street*** and they are not annuities. We can introduce you to over 1,000 clients that have invested over $200 million with us the past few years and they can vouch for everything I just said and not one of them

> lost a penny in any of our investments during this crisis. ***And the best thing is, we can safely deliver 10 to 14 percent annual returns for you, too***. You can invest with cash or IRA dollars with no taxes or penalties. So grab your cell phone and listen to a free recorded message for more information. Call 855 371 1346. That's 855 371 1346. Call now.

(emphasis added). In order to falsely convey trustworthiness and financial stability, Defendant Vagnozzi's radio ad touts ABFP's intimate working relationship with Defendant Eckert Seamans, which was involved in every offering of ABFP securities. Vagnozzi also claims that the ABFP investments are "secure" and that they will payout 10 percent to 14 percent annually—a guarantee he reiterates at the end of the commercial when he claims, "we can safely deliver 10 to 14 percent annual returns for you, too." Defendant Vagnozzi also claims that the ABFP investments are immune to economic trends and volatility of the financial markets, which is untrue, as demonstrated by the failure of the ABFP investments when the stock market crashed in March 2020.

141. **Advertisement D.**

> Dean Vagnozzi, president of A Better Financial Plan. Do you realize that just 3 percent of the public is financially independent? Just 3 percent. Do you think any of them got rich by putting money into a 401(k) or IRA? Of course not. They're financial vehicles for the masses. Think about it. Why would you put money every week into a financial vehicle that's locked up for 20 to 30 years, provides limited investment choices and defers your taxes until a time in the future when everyone thinks taxes will be higher? ***That's what a 401(k) or an IRA does and it makes zero financial sense.*** You can do better. A lot better. Let me show you how I save my money every week. It's liquid, it's tax free, it's safe, and this past year I earned 21 percent and it's not an annuity. Grab your cell phone and listen to a free recorded message for more information. Call 855 999 1346. That's 855 999 1346. Call now.

(emphasis added). This advertisement irresponsibly advises prospective investors that they would be better off financially if they entrust their hard-earned retirement savings to Vagnozzi and ABFP's high risk, unregistered investments rather than contributing pre-tax dollars to their 401(k)

or IRA accounts and investing in registered securities and conventional mutual funds, despite the tax advantages and relative safety of such accounts.

142. **Advertisement E.**

> This is the commercial that your financial advisor doesn't want you to hear. And the same thing goes for the guy that sold you that annuity after you went to one of his free dinner seminars. Dean Vagnozzi, president of A Better Financial Plan, and if you're a credit investor than listen up. ***We worked with one of Philadelphia's largest law firms to put together an investment that will pay you a 10 percent return with an interest check sent to you monthly and 100 percent of your principal will be returned to you after just one year***. And this best part is this investment is fully insured. ***That's right, it's insured***. That means in the slim event my company doesn't pay you back your money, one of the largest insurance companies in the world will. This investment is better than anything in your portfolio. Anything. Grab your cell phone and listen to a free recorded message to learn more. Call 855 999 1346. That's 855 999 1346. Call now.

(emphasis added). Defendant Vagnozzi emphasizes, again, ABFP's intimate working relationship with Defendant Eckert Seamans, which was involved in every offering of ABFP securities, in a bid to make himself sound trustworthy and to make the high risk ABFP investments sound like a safe investment, which he promises "will pay" investors "a 10 percent return" and repayment of 100 percent of principal after one year. Although Vagnozzi does not identify the particular investment vehicle to which he is referring in this radio ad, the payment terms described above are identical to the terms of the ABFP Merchant Cash Advance Investments purchased by Plaintiffs and the members of the Class. Additionally, the advertisement above claims falsely that "this investment is fully insured." In fact, during the sales meetings Plaintiffs have been told that the investments are covered by $150 million in insurance coverage. Contrary to this assertion, there is no insurance that provides meaningful coverage for investors in any ABFP investments, and investors' principal remains 100 percent at-risk from the time of purchase until the time of redemption.

143. **Advertisement F.**

> Dean Vagnozzi, President of A Better Financial Plan. And if you're somebody that's looking for your investments to generate a monthly income, then listen up. The absolute last thing that you want to buy today is an index annuity. Sure, your money is safe from loss but it's locked up from seven to ten years, you have limited access to your money along the way, and the returns are pathetic. In fact, you will be lucky to earn 3 percent over ten years. And if you do take income from those annuities, you are simultaneously eating up your principal. You can do better. Much better. ***We work with one of Philadelphia's largest law firms to put together an investment that's designed to beat the pants off any annuity you can find.*** In fact, we're calling it the anti annuity. ***You'll receive between 8 to 12 percent returns that are paid out monthly with 100 percent of your principal returned in one year.*** Grab your cell phone and listen to a free recorded message for more information. Call 855 999 1346. That's 855 999 1346. Call now.

(emphasis added). Defendant Vagnozzi emphasizes again ABFP's intimate working relationship with Defendant Eckert Seamans, which was involved in every aspect of ABFP's operations, in a bid to make himself sound trustworthy and to make the high risk ABFP investments sound like a safe investment, which he promises "will pay" investors "a 10 percent return" and repayment of 100 percent of principal after one year. Although Vagnozzi does not identify the particular investment vehicle to which he is referring in this radio ad, the payment terms described above are identical to the terms of the ABFP Merchant Cash Advance Investments that were purchased by Plaintiffs and the members of the Class.

144. **Advertisement G.**

> Dean Vagnozzi, president of A Better Financial Plan, and I hope you and your family stay safe during these trying times. I obviously can't protect you from this virus, but I can with absolute certainty introduce you to ***two alternative investments that are delivering 10 percent returns or better and they've not been impacted by the Corona virus or the stock market whatsoever and they are not annuities***. You can learn about these investments without ever leaving your home. One investment pays a 10 percent annual return with your interest paid quarterly and your principal investment is returned after two years. The other investment has a 13 percent targeted return and is backed by some of the most financially secure companies in the world. Invest with cash or IRA dollars. These investments are awesome. Grab your cell phone and listen to a free recorded message for more information. Call 855 999 1346. That's 855 999 1346. Call now.

(emphasis added). The advertisement quoted above is Defendant Vagnozzi's latest pitch, and it is notable for now offering *two* alternative investments rather than the *four* alternative investments he offered before the stock market crash in March 2020. This is because Defendants are now unable to offer ABFP Merchant Cash Advance Investments because the merchant cash advance market collapsed at the same time as other financial markets in early 2020. This about face on merchant cash advance investments belies Defendants' false and misleading statements that such investments were recession proof and immune to market forces.

145. Defendants used radio advertisements, like the ones quoted above, to entice individuals to call ABFP's toll free number and arrange to attend an ABFP investing seminar—which is little more than in-person infomercials featuring Defendant Vagnozzi and his associates—or to come to ABFP's offices in King of Prussia, Pennsylvania or Marlton, New Jersey for an in-person meeting with Vagnozzi and/or members of his staff, including Defendants Albert Vagnozzi, Alec Vagnozzi, Shannon Westhead, Jason Zwiebel, Andrew Zuch, Michael Tierney, Paul Terence Kohler, John Myura, who were well trained by Defendant Vagnozzi to parrot his false and misleading sales pitches for each of ABFP's investment offerings.

146. At an ABFP dinner seminar on November 21, 2019, described in the SEC Complaint, Vagnozzi and ABFP hosted more than 300 investors and solicited them to invest in Par Funding through Vagnozzi's ABFP funds. According to the SEC Complaint:

> 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.
>
> 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.
>
> 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."
>
> 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%. Abbonizio also told the audience to focus on the default rate because that is the most important part of the investment.
>
> Abbonizio then introduced LaForte, to whom he referred as the President.
>
> LaForte told the audience that Par Funding is probably the most profitable cash advance company in the United States and maybe in the world.
>
> LaForte also told the audience that he started the company about eight years ago with $500,000 of his own capital.
>
> LaForte then introduced Cole, ***who touted the financial health of Par Funding***.
>
> 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.

SEC Compl. ¶¶ 95-104 (emphasis added).

147. Vagnozzi's and representations to investors at the November 21, 2019 dinner were typical of the well-rehearsed sales pitch that Vagnozzi and Defendants Albert Vagnozzi, Alec Vagnozzi, Shannon Westhead, Jason Zwiebel, Andrew Zuch, Michael Tierney, Paul Terence Kohler, John Myura, and his other business associates have made to thousands of potential investors at numerous similar events and in-person investor meetings at ABFP's offices.

148. Many of the Plaintiffs in this case recall seeing Defendant Pauciulo at ABFP-hosted dinners, including dinners on July 31, 2019 and November 21, 2019. Thus, Pauciulo was aware of Defendant Vagnozzi's false and misleading statements and material omissions at such dinners,

including the event on July 31, 2019 and November 21, 2019, but he failed to correct, clarify or repudiate such statements.

149. Vagnozzi and Defendants Albert Vagnozzi, Alec Vagnozzi, Shannon Westhead, Jason Zwiebel, Andrew Zuch, Michael Tierney, Paul Terence Kohler, and John Myura, lied to investors at ABFP dinner events, at in-person investor meetings at ABFP's offices, and in ABFP advertisements, in order to conceal material adverse facts concerning Par Funding, ABFP's investment offerings, and Vagnozzi, including: (i) the high risk nature of Par Funding's lending practices; (ii) the true default rates of Par Funding's merchant cash advance loans, which were far greater than the 1% - 2% default rate claimed by Defendants; (iii) the extremely high risk of investing in unregistered ABFP securities backed by Par Funding's merchant cash advance loans; (iv) LaForte's criminal record and de facto control of Par Funding; (v) the three Cease-and-Desist Orders state securities regulators entered against Par Funding for violating state securities laws; (vi) the true result of the New Jersey Division of Securities' investigation of Par Funding; (vii) the fact that Par Funding was diverting investor funds to LaForte's wife, McElhone, and to L.M.E. 2017 Family Trust, McElhone's family trust; (viii) the SEC Cease-and-Desist Order and sanctions issued against Vagnozzi for violating state securities laws in connection with the Par Funding offering; (ix) a Cease-and-Desist Order and sanctions issued against ABFP for violating state securities laws in connection with the Par Funding offering; (x) a Cease-and-Desist Order and sanctions issued against Vagnozzi associate Abbonizio for violating state securities laws in connection with the Par Funding offering; and (xi) the fact that the Defendants' fraudulent scheme involving Par Funding merchant cash advance-backed securities imperiled every other investment sold by ABFP.

150. After attending these in-person sales seminars, Plaintiffs and the members of the Class purchased unregistered securities backed by unsecured merchant cash advance loans (as well as life settlement funds, litigation funding investments, real estate investments, and other alternative investments) that are issued by a series of ABFP funds pursuant to Private Placement Memoranda, Subscription Agreements and related offering documents created by Defendants Pauciulo and Eckert Seamans, and offered by ABFP, Vagnozzi, and his associates.

151. The ABFP Funds' Private Placement Memoranda reflect that the ABFP Funds either sell unregistered securities, 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 they sell investors purported interests in a limited partnership for $5,000 per single interest.

152. The ABFP Private Placement Memoranda state that investor funds will be used to invest in promissory notes with unidentified merchant cash advance companies.

153. Investors purchase ABFP Merchant Cash Advance Investments through either the transfer of funds directly to one of the ABFP entities or a self-directed IRA account at a Pennsylvania-based IRA administrator company, CamaPlan. In either event, Vagnozzi instructs investors to open an account and contribute funds to receive their investment funds through this IRA account.

154. During seminars, radio commercials, and in other communications, Defendants Dean Vagnozzi, Albert Vagnozzi, Alec Vagnozzi, Shannon Westhead, Jason Zwiebel, Andrew Zuch, Michael Tierney, Paul Terence Kohler, and John Myura, falsely represent that the entire principal investment is insured. However, Vagnozzi and his associates have steadfastly refused to show any applicable policies of insurance to ABFP investors, and they have falsely represented that ABFP is not permitted to disclose such policies to investors. The truth is that there is no policy

of insurance that provides any meaningful coverage for investors in ABFP investments, and thus, their principal remains 100 percent at-risk from the time of purchase until the time of redemption.

155. Vagnozzi's and ABFP's false and misleading statements and material omissions, which were facilitated by Pauciulo and Eckert Seamans, had the desired result of separating investors from their hard-earned savings through the sales of ABFP Merchant Cash Advance Investments, life settlement funds, litigation funding investments, and real estate investments. For example, Vagnozzi boasted to the Philadelphia Inquirer that in 2019 he was selling $1.5 million worth of ABFP Merchant Cash Advance Investments each week.[27]

156. By March 2020, as alleged in the SEC Complaint, Vagnozzi claimed 600 investors had invested in Par Funding through him. Through investments offerings, ABFP Income Fund raised at least $22,309,000 from investors since February 19, 2018, and ABFP Income Fund 2 raised at least $6,322,500 from investors since August 8, 2018.

157. Vagnozzi has admitted in emails with investors that he would receive a commission or so-called finder's fee from Par Funding for every dollar he raised for them. ABFP takes substantial commissions up-front then transmits the remaining funds to Par Funding. Par Funding then loans the funds to small merchant borrowers pursuant to a Merchant Cash Advance Agreement, which are small loans to businesses that lack credit worthiness and bear usurious interest rates that are as high as 400%. Owners of the business must personally guarantee these loans.

158. Vagnozzi also sells Par Funding merchant cash investments through a network of more than 40 Agent Funds, which he manages through ABFP Management in exchange for 25%

[27] DiStefano, Philadelphia Inquirer, KOP firm's ad offers a '10% annual return.' Is that legit? (Aug. 6, 2019), https://www.inquirer.com/business/vagnozzi-better-financial-plan-investor-risk-20190806.html

of the Agent Funds' profits.[28] Vagnozzi is instrumental in recruiting people to start Agent Funds, and purports to instruct these recruits how to serve as a "finder" rather than an unregistered broker-dealer so as to sidestep any requirements under securities laws. He also provides the newly recruited agents with an "Agent Guide" which details how they can create an Agent Fund. With the benefit of Vagnozzi's Agent Guide, new agents are told that they need only to select a name for their Agent Fund and send it to Vagnozzi's attorney, Pauciulo, along with $5,000. Pauciulo will then establish the fund, file the necessary paperwork, draft a Private Placement Memorandum personalized to the fund, and receive a tax identification number.[29] The Agent Guide advises the Agents of which banks to use to set up a bank account for their newly created Agent Fund and further directs them to add an ABFP employee as an authorized signer on the account.[30]

159. Vagnozzi's Agent Guide advises prospective Agents that they should expect to receive their PPMs in "about 3 weeks or so" and that the "total investment on [their] end will be between [$]9-12k." The Agent Guide also ominously warns Agents that "***[t]he more questions [they] ask, and changes [they] make, the more it will cost***." (emphasis added). Moreover, as Vagnozzi's Agent Guide identifies Pauciulo by name and details his specific role in establishing the Agent Funds, it is clear that Defendant Pauciulo is responsible for setting up the Agent Funds

Unbeknownst to Investors in Risky ABFP Merchant Cash Advance Investments, Their Money Is Placed in the Hands of a Convicted Fraudster

160. The underlying merchant cash advances are entered into between small businesses and non-party Par Funding, which has previously been shut down by the SEC and is currently a defendant in a pending RICO action for "prey[ing] upon small, financially distressed businesses

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[28] *See* SEC Complaint at 71-78.
[29] *See* Agent Guide, at 1 (stating: "Contact John Pauciulo to get your MCA Income fund started. He can be reached at (215) 851-8480 or via email, joauciulo@eckertseamans.com." It continues, "You will need to sign an engagement letter with him and pay him $ 5,000 before any work will be completed.")
[30] *See* SEC Complaint at 71-78.

throughout the United States and fraudulently induc[ing] them into cash advances pursuant to so-called future account receivable purchase agreements or merchant case advance agreements. *See* First Am. Compl. ¶ 1, *Fleetwood Services LLC et al. v. Complete Business Solutions Inc d/b/a Par Funding et al.*, No. 18-cv-268 (E.D. Pa. Jan. 22, 2018). Par Funding deceives these small businesses into believing that the merchant cash advance agreements do not constitute a loan transaction and therefore do not trigger the criminal usury laws of various states.

161. On July 24, 2020, the SEC filed an enforcement action against Par Funding and its boss, Joseph LaForte, seeking, among other things, freezing their assets and appointing a receiver. On July 27, the U.S. District Court for the Southern District of Florida granted the SEC's emergency motion and appointed a receiver to oversee the businesses and assets of Defendants 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 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, and RE Income Fund 2 LLC.

162. When small businesses eventually fail to meet their obligations under these agreements, as they often do, Par Funding offers new advances dictated by even more unconscionable terms. When a small business fails to satisfy the terms of the new advance, Par Funding aggressively pursues the businesses and their owners for repayment of the amounts due under the agreements, often employing collection tactics viewed as threatening, deceptive and illegal.

163. Indeed, small businesses who fall behind on their loans may receive a personal visit from Par Funding's debt collectors. According to a December 20, 2018 Bloomberg article, "Fall

Behind on These Loans? You Might Get a Visit From Gino," Par Funding and LaForte have employed the services of a convicted felon named Renato "Gino" Gioe, who for six years traveled the country collecting debts for Par Funding. According to the Bloomberg article:

> Ten of Gioe's unannounced visits to borrowers, from Chicago to small-town Alabama, were described in court papers and interviews with Bloomberg News. He made "threats of violence and physical harm" to employees of a California rehab center, according to one court complaint. A tire-shop owner near Boston said in another court filing he "felt that physical harm would come to me and my family" when Gioe walked into his shop in 2016 demanding immediate payment.
>
> A third borrower, recounting Gioe's visit to his Maryland trucking company last year, described him in an affidavit as resembling "an aging but still formidable character ripped from the World Wrestling Federation" who had been sent not to negotiate but to "intimidate me into making a lump-sum payment."

164. Par Funding, like other companies engaged in merchant cash advance schemes, purport to purchase a small business's future revenue in an attempt to evade regulation as lender. As a result, Par Funding contends that its lending activities are not regulated by any government agency or self-regulating entity like FINRA, and that Par Funding's fees, penalties and interest rates are not subject to any regulatory oversight. This is false.

165. As Bloomberg News has reported, the merchant cash advance industry in which the Defendants operate is "essentially payday lending for businesses."[31] The merchant cash advance industry is a high-risk market, with interest rates that can "exceed 500 percent a year, or 50 to 100 times higher than a bank's [rates]." *Id*. The industry has increasingly come under national scrutiny for its devastating impact upon small businesses. In June of 2017, Congressman Emanuel Cleaver, II launched an investigation of small business financial technology after expressing concern that some of its "lenders may be trapping small business owners in cycles of debt..." The National

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[31] Zachary R. Mider and Zeke Faux, "Fall Behind on These Loans? You Might Get a Visit From Gino," Bloomberg News, December 20, 2018, https://www.bloomberg.com/graphics/2018-confessions-of-judgment-visit-from-gino/

Consumer Law Center, comparing the problems of merchant cash advances to those of payday loans, came to the same conclusion: "A lump sum of cash is taken out as an advance on a borrower's future sales. The merchant then pays back this balance in addition to an expensive premium through automatic deductions from the merchant's daily credit card or debit card sales or from its bank account."[32] As reported by CNN, "[m]any business owners take out new advances in order to pay off outstanding balances on previous advances, plunging them into a cycle of debt."

Defendants Failed to Disclose the True Risks of the ABFP Merchant Cash Notes

166. Defendants, as promoters, syndicators, underwriters, issuers and sellers of ABFP merchant cash investments, and as Fiduciaries had a duty to truthfully and completely disclose to Plaintiffs and the Class all information that would be material to the purchase of the ABFP Merchant Cash Advance Investments, including the risks inherent in such investments, but Defendants failed to provide such disclosures.

167. All of the misrepresentations and omissions set forth herein, individually and in the aggregate, are material. There is a substantial likelihood that a reasonable investor would consider the misrepresented facts and omitted information regarding how their money would be invested, how the investments performed, the value of those investments, the liquidity (or lack thereof) of those investments, and the ability to repay those investments important, and/or that disclosure of the omitted facts or accurate information would alter the "total mix" of information available to investors.

168. In connection with the conduct described herein, Defendants acted knowingly and/or recklessly. Among other things, Defendants knew or were reckless in not knowing that they

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[32] CITE

were making material misrepresentations and omitting material facts in connection with selling or offering of ABFP Merchant Cash Advance Investments.

169. The ABFP Merchant Cash Advance Investments sold by Vagnozzi, and the MCA Funds named herein, are invested indirectly in merchant cash advances provided to small businesses by Par Funding. The riskiness of these notes, which are the sole source of income behind ABFP's investments, cannot be overstated. This is because the merchant cash advances are unsecured and are provided to small businesses that lack the creditworthiness to get conventional bank loans. Moreover, the merchant cash advances are extended to these small businesses without any documentation or underwriting to determine the risk of repayment/default by these merchants.

170. The North American Securities Administration Association ("NASAA"), in May 1999, ranked high interest promissory notes among the top ten investment scams:

> Promissory notes. A growing area of fraud, ***these notes are supposedly "insured" and backed by real assets. In fact, they are backed only by an often worthless promise to repay.*** They offer high interest rates to investors who may be struggling to get by on income from money market funds or certificates of deposits. ***These "investments" are often sold by life insurance agents***, lured by high commissions, who may know nothing about the promoters of the investments beyond what they're told. ***The agents also may not realize they have to be licensed as securities brokers with state securities regulators to sell these notes.*** In most cases, ***the notes also must be registered with regulators.*** Multi-state investigations have revealed that a number of the promoters of these notes have had problems with regulators in the past. Some notes are issued on behalf of companies that don't even exist. Even if the companies are legitimate, i***nvestors should realize that the reason these notes are being offered directly to small investors is because banks and venture capitalists have declined to invest in the companies***.

(Emphasis added).[33]

171. Twenty years later, little has changed. In December 2019, NASAA again reported that securities regulators throughout North America have identified promissory notes with claims

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[33] "State Securities Cops Release New List of 'Top 10 Investment Scams,'" NASAA (May 24, 1999), available at: https://www.nasaa.org/8245/state-securities-cops-release-new-list-of-top-10-investment-scams/

of guaranteed high interest rates and no risk to principal among the top five investment scams, stating:

> NASAA surveyed its members, the state and provincial securities regulators throughout the United States, Canada and Mexico, to identify threats investors are likely to see in 2020. Based on investor complaints, ongoing investigations and current enforcement trends, the ***securities regulators identified promissory notes***, Ponzi schemes, real estate investments, cryptocurrency-related investments and social media/Internet-based investment schemes ***as the top five areas of concern*** for the coming year.
>
> "It is important for investors to understand what they are investing in and who they are investing with. ***Don't fall for promises of guaranteed high returns with little to no risk*** or deals pitched with a false sense of urgency or limited availability," said Christopher W. Gerold, NASAA President and Chief of the New Jersey Bureau of Securities. "Before you ring in the New Year, make a resolution to protect your money from fraudulent investments and those who may be trying to fleece you."
>
> Investment offers that sound "too good to be true" often share similar characteristics. ***The most common telltale sign of an investment scam is an offer of guaranteed high returns with no risk. All investments carry the risk that some, or all, of the invested funds could be lost. "Anyone who says their investment offer has no risk is lying,"*** Gerold said. "No one can guarantee an investment return." [34]

172. FINRA states that alternative asset investments, like those sold by ABFP, are in fact riskier than conventional investments:

> These products are sometimes referred to as structured products or non-conventional investments. ***They tend to be both more complex—and more risky—than traditional investments***, and often tempt investors with special features and higher returns than offered by basic investments.[35]

173. FINRA points out that these alternative investments, particularly structured notes with principal protection, are only as sound as the creditworthiness of the issuer of the note, and

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[34] "NASAA Announces Top Investor Threats for 2020," NASAA (Dec. 23, 2019), available at https://www.nasaa.org/53426/nasaa-announces-top-investor-threats-for-2020/?qoid=newsroom. (emphasis added).

[35] FINRA, *Alternative and Complex Products*, https://www.finra.org/investors/learn-to-invest/types-investments/alternative-and-complex-products. (emphasis added).

that investors can lose their entire principal even in situations where (as here) the issuer of the note does not go bankrupt:

> The retail market for structured notes with principal protection has been growing in recent years. While these products often have reassuring names that include some variant of "principal protection," "capital guarantee," "absolute return," "minimum return" or similar terms, they are not risk-free. ***Any promise to repay some or all of the money you invest will depend on the creditworthiness of the issuer of the note—meaning you could lose all of your money if the issuer of your note goes bankrupt***. Also, some of these products have conditions to the protection or offer only partial protection, ***so you could lose principal even if the issuer does not go bankrupt***. And you typically will receive principal protection from the issuer only if you hold your note until maturity.[36]

174. FINRA warns that these types of alternative investments are highly illiquid, so if an investor needs to access all or even a portion of their principal before the note's maturity date, in most cases they would be unable to do so:

> ***If you need to cash out your note before maturity, you should be aware that this might not be possible*** if no secondary market to sell your note exists and the issuer refuses to redeem it. Even where a secondary market exists, the note may be quite illiquid and you could receive substantially less than your purchase price.[37]

175. In the case of ABFP, the risks of the investment in alternative asset-backed securities identified by FINRA are magnified by the small businesses that lack creditworthiness and are forced to seek funding, at usurious rates, from Par Funding merchant cash advances – a company that is run by a convicted felon and fraudster, Joseph LaForte.[38]

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[36] FINRA, Structured Notes With Principal Protection: Note the Terms of Your Investment, https://www.finra.org/investors/alerts/structured-notes-principal-protection-note-terms-your-investment. (emphasis added).

[37] *Id*. (emphasis added).

[38] Zachary R. Mider and Zeke Faux, "Fall Behind on These Loans? You Might Get a Visit From Gino," Bloomberg News, December 20, 2018, https://www.bloomberg.com/graphics/2018-confessions-of-judgment-visit-from-gino/

176. In addition to the material investment risks identified above, Defendants failed to disclose many other risks for purchasers of ABFP merchant cash investments, including the following:

a. Alternatives Risks —Like the ABFP merchant cash investments, alternative investments tend to use leverage which can serve to magnify potential losses. Additionally, they can be subject to increased illiquidity, volatility and counterparty risks, among other risks.

b. Below Investment Grade Risks — Lower-rated securities, like the ABFP merchant cash investments which have *no rating*, have a significantly greater risk of default in payments of interest and/or principal than the risk of default for investment-grade securities. The secondary market for lower-rated securities is typically much less liquid than the market for investment-grade securities, frequently with significantly more volatile prices and larger spreads between bid and asked price in trading. In the case of the ABFP merchant cash investments, there is no secondary market and no liquidity—the ABFP merchant cash investments are unmarketable.

c. Capital Risk — Investment markets are subject to economic, regulatory, market sentiment, and political risks, which may cause an investment to become worth less than at the time of the original investment. Here, contrary to Defendants' false representations that these investments "offer lower risk than investing in Wall Street" and that they would be "sidestepping the volatility of the stock market," the ABFP merchant cash investments were susceptible to the same general economic, market and political risks of any conventional investment in stock or bonds—indeed these risks were greater because the small merchants who needed the merchant cash advances to stay afloat were

far more likely to go under when the economy headed into a recession than well-established public companies. Defendants falsely minimized such risks when they sold investments to Plaintiffs and the Class.

d. Credit Risk — The value of fixed income security may decline, or the issuer or guarantor of that security may fail to pay interest or principal when due, as a result of adverse changes to the issuer's or guarantor's financial status and/or business. In general, lower-rated securities carry a greater degree of credit risk than higher-rated securities. Here, the underlying merchant cash advances were provided by Par Funding to small businesses that lacked sufficient creditworthiness to obtain any kind of bank financing and instead, were forced to pay usurious interest rates to obtain small infusions of cash to keep their businesses afloat, and thus, were incredibly bad credit risks.

e. Issuer-Specific Risk — A security issued by a particular issuer may be impacted by factors that are unique to that issuer and thus may cause that security's return to differ from that of the market. In the case of the ABFP merchant cash investments, the issuer is subject to numerous unique and extreme risks that differ greatly from the market for conventional investments like stocks issued by public companies and investment grade fixed income securities. Indeed, ABFP is the alter ego of Defendant Vagnozzi, who is an unlicensed, uninsured, and unregulated pitchman, who has operated an investment scheme through a series of shell companies, including the ABFP entities named as Defendants herein, and has enlisted the assistance of Pauciulo and other attorneys at Eckert Seamans, who have aided and abetted Vagnozzi and ABFP in creating the facade of a reputable enterprise in order to separate individuals from their hard-earned savings.

f. Liquidity Risk — Investments with low liquidity can have significant changes in market value, and there is no guarantee that these securities could be sold at fair value. There is no secondary market for the ABFP merchant cash investments, and they are completely illiquid, which poses a huge risk for investors who may want to move their money into safer investment vehicles or need cash.

g. Manager Risk — Investment performance depends on the portfolio management team and the team's investment strategies. If the investment strategies do not perform as expected, if opportunities to implement those strategies do not arise, or if the team does not implement its investment strategies successfully, an investment portfolio may underperform or suffer significant losses. In the case of ABFP merchant cash investments, the management team is headed by promoter and salesman Vagnozzi, who, in May 2019, paid a record fine of nearly $500,000 for selling securities without a license.[39] On July 14, 2020, Vagnozzi was fined another $500,000 when the SEC instituted settled administrative proceedings against him for 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.

177. Moreover, Vagnozzi and ABFP have just one investment strategy with respect to the ABFP merchant cash investments, which depended entirely upon the ability of the merchant cash borrowers to repay their cash advances—there is no backup plan.

178. Each of the undisclosed risks described above would have been material to Plaintiffs and the Class in deciding whether to purchase ABFP merchant cash investments, and

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[39] Joseph N. DiStefano, "Record Pa. fines against broker Vagnozzi, Philly's Par Funding," Philadelphia Inquirer (July 27, 2019), https://www.inquirer.com/business/par-funding-20190727.html

Defendants' failure to truthfully and completely disclose the material risks of investing in ABFP merchant cash investments caused or contributed to the economic losses sustained by Plaintiffs and the Class.

179. In addition to the foregoing, in order to further their fraudulent and deceptive scheme, according to the SEC Complaint, Defendants concealed from investors the truth about Par Funding's business and its affiliates, including that Par Funding: (i) has not implemented a meaningful underwriting process of the merchant cash advance loans to determine borrowers' ability to repay their loans; (ii) often approves loans in less than 48 hours, without conducting an on-site inspection of the business; (iii) funds loans without obtaining information showing the business' profit margins, debt schedules, accounts receivable, or expenses; (iv) has a 1% - 2% default rate, as Vagnozzi and his associates falsely claim to prospective investors, thereby concealing Par Funding's true loan default rate of up to 10% from prospective investors Vagnozzi and his associates make false claims to prospective investors; (v) had filed more than 800 lawsuits against small businesses for defaulted Loans by August 2019 for more than $100 million; by August; (vi) had filed more than 1,000 lawsuits by November 2019 seeking over $145 million in missed payments; (vii) had filed more than 1,200 lawsuits by January 2020, seeking $150 million in delinquent payments; (viii) provided insurance to borrowers to cover defaults, when in fact Par Funding did not offer small businesses insurance on their loans; (ix) was founded by LaForte, a twice-convicted felon who, prior to founding Par Funding, was imprisoned for grand larceny and money laundering and ordered to pay $14.1 million in restitution; and (x) has a history of regulatory violations and fines, including: (a) the November 2018penalty of $499,000 from Pennsylvania Securities Regulators ; (b) the December 2018 Cease-and-Desist Order from the New Jersey Bureau of Securities against Par Funding based on its offer and sale of unregistered

securities ; and (c) the February 2020 Emergency Cease-and-Desist Order issued by the Texas State Securities Board against Par Funding and others, alleging fraud and registration violations in connection with its securities offering through an Agent Fund in Texas.

Defendants Used ABFP Life Settlement Funds to Further Their Fraudulent Scheme

180. In addition to merchant cash advance investments, for years Defendants Vagnozzi, ABFP and ABFP Management have been selling life settlement funds (also referred to as "viatical" settlement funds). Defendants used cash generated through the sales and maturities of these life settlements in order to prop up their fraudulent merchant cash investment scheme.

181. Viatical settlements allow investors to invest in another person's life insurance policy. With a viatical settlement fund, the investor purchases the policy (or a fractional share of it) at a price that is less than the death benefit of the policy. When the seller dies, you collect the death benefit.

182. The investor's return depends upon the seller's life expectancy and the actual date he or she dies. If the seller dies before the estimated life expectancy, you may receive a higher return. But if the seller lives longer than expected, your return will be lower, and you can even lose a portion of your principal investment if the person lives long enough because of the additional premiums needed to maintain the policy.

183. Securities regulators have long recognized the pervasiveness of fraud in viatical settlement funds. For instance, in 2009, NASAA listed viatical settlement funds among the top threats of fraud for investors, stating:

> Life Settlements. State securities regulators long have been concerned about life settlements, or viaticals, and the rising popularity of these products among investors has prompted a recent congressional investigation. While life settlement transactions have helped some people obtain funds needed for medical expenses and other purposes, those benefits come at a high price for investors, particularly senior citizens. ***Wide-ranging fraudulent practices in the life settlement market***

> ***include Ponzi schemes; fraudulent life expectancy evaluations; inadequate premium reserves that increase investor costs; and false promises of large profits with minimal risk***.

(Emphasis added).[40]

184. Legal scholars have also recognized the propensity of fraudsters to use viatical settlement funds. "Many schemes have been perpetrated by viatical providers to solicit investors fraudulently, often from the vulnerable elderly population."[41] In such schemes, the sellers of these securities entice investors "into purchasing viatical shares with false guarantees of liquidity, high interest rates, and fixed maturity dates. In reality, viaticals are generally not liquid, do not have fixed maturity dates (since the date of the insured's death is uncertain), and their rate of return is a variable dependent upon how long the insured survives after his policy is sold."[42]

185. The 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 under both state and federal laws. This is because, like their federal counterparts, virtually all state securities laws, include "investment contracts" in the statutory definition of a security. *See*, *e.g.*, CAL. CORP. CODE § 25019.

186. The meaning of the phrase "investment contract" has been developed through a long line of judicial decisions, beginning in 1946 with the Supreme Court's ruling in *SEC v. W. J. Howey Co.*, 328 U.S. 293 (1946). The *Howey* test, with relatively minor modifications, has become

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[40] "NASAA Identifies Top 10 Investor Traps." (Aug. 18, 2009), available at https://www.nasaa.org/5232/nasaa-identifies-top-10-investor-traps/?qoid=current-headlines

[41] Anna D. Halechko, *Viatical Settlements: The Need for Regulation to Preserve the Benefits While Protecting the Ill and the Elderly from Fraud*, 42 DUQ. L. REV. 803, 812 (Summer 2004).

[42] *Id*.

the most widely followed standard for identifying investment contracts under both state and federal securities law.

187. Under *Howey*, an investment offering is an investment contract if it involves: (1) the investment of money, (2) in a common enterprise, (3) with the expectation of profits, (4) derived from the efforts of others. *Howey*, 328 U.S. at 298-99.

188. Profits are deemed to flow from the "efforts of others" where "the efforts made by those other than the investor are the undeniably significant ones, those essential managerial efforts which affect the failure or success of the enterprise." *SEC v. Glenn W. Turner Enterprises, Inc.*, 474 F.2d 476, 483 (9th Cir.), cert. denied, 414 U.S. 821 (1973).

189. Although it is well established that the viatical settlement funds are considered securities under both state and federal law, Defendants apparently did not believe that these laws applied to them. Instead, Defendants, including Vagnozzi, ABFP, ABFP Management, Pauciulo, and Eckert Seamans used Pillar Funds 1 through 8 to sell unregistered investments in viatical funds, and Defendants sold such unregistered securities without using a licensed broker dealer.

190. Defendants' attempts to evade securities regulators eventually resulted in significant fines. Specifically, on July 14, 2020, Vagnozzi entered into a settlement with SEC pursuant to which he paid nearly $500,000 "for his offering and selling unregistered securities" in the form of viatical settlement funds, "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 …." These penalties arose from Vagnozzi's and ABFP's promotion and sale of millions of dollars of

unregistered viatical settlement funds, Pillar Life Settlement Funds 1 through 8, during the period from April 2013 through August 2017.

191. As part of their sales pitch, Defendants routinely provided prospective investors in life settlement funds an information sheet that falsely represented that life settlement funds were immune economic trends and were the safest investments offered by ABFP, *inter alia*, stating:

Life Settlements

- **11-14% annual compounded return**
- **~3-6 year term**
- **"Recession Proof"**
- **Our safest, highest yielding investment**

192. Defendants' claims that life settlement funds have "**11-14% annual compounded return**" and have a duration of "3-6 year term," were materially false and misleading. Rather, the experience of Plaintiff Brock, which is typical of investors in ABFP life settlement funds, demonstrates the falsity of the above representations. In 2010, Plaintiff Brock invested $169,000 of his retirement funds to purchase unregistered securities in the form of limited partnership interests issued by Pillar Life Settlement Fund 1, LP, however, ABFP has never paid him anything approaching an "11-14% annual compounded return," and after 10 years, ABFP has yet to repay any of his principal.

193. In fact, Vagnozzi himself admitted that his life settlement investments did not pay as advertised. An email to investors in early 2020, "It goes without saying ... I apologize for how poorly this fund has performed."[43] The reason for the poor returns is that Vagnozzi

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[43] Joseph DiStefano, "How clients of a financial guru facing fraud complaint lost bets on the dead," The Philadelphia Inquirer (Sept. 6, 2020) available at: https://www.inquirer.com/business/dean-vagnozzi-sec-

underestimated the life expectancies of the insured persons, and was forced to pay premiums over a much longer period of time than his firm had accounted for.

194. Vagnozzi's main policy source at first was a Texas firm, Life Partners Inc., a pioneer in acquiring and marketing policies. It later collapsed into bankruptcy amid SEC charges of fraud. In the 2020 emails obtained by The Philadelphia Inquirer, Vagnozzi acknowledged a simple problem with funds containing those early policies: Sellers hadn't died fast enough.[44]

195. But in 2010 the Wall Street Journal reported that Life Partners was relying heavily on an assembly-line doctor who was systematically under-predicting life expectancies. Life Partners' sellers were living a lot longer than predicted — very good for them but hard on investors paying years of premiums without collecting death benefits.[45]

196. In 2012, the SEC followed up on the Journal article with a lawsuit accusing Life Partners of fraud and its founder, Brian Pardo, of covering up the inaccurate life estimates. The Texas firm declared bankruptcy in January 2015, a month after a judge fined it $38 million in the SEC case. Pardo quit. Now 77, he has been socked with penalties totaling $28 million. Pardo has not paid. "Brian is broke," his Houston lawyer, Brent Perry, said recently.[46]

197. The Philadelphia Inquirer article includes stories of several investors in ABFP's life settlement funds, which are strikingly similar to the experiences of the Plaintiffs in this action who invested in these funds.

> One early investor was Robert Sullivan, 60, manager of a Philadelphia transportation company. He was among a group who, in 2010, each put an average of nearly $50,000 into the first of Vagnozzi's life settlement funds, called Pillar 1. The hope was to turn their money into at least $70,000, as the old people died on schedule.

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life-settlement-par-funding-investors-fraud-20200906.html?fbclid=IwAR3WR8gTXB__M1uoVKtcA0CKuCSHScGO9v06MB0pxsZdpbhi68CqmeeXPXY

[44] *Id.*

[45] *Id.*

[46] *Id.*

Only they didn't. A decade later, Sullivan says, the fund has paid back less than half the original investment. "We get a few checks periodically," he said, "but I'd have been better holding on to my company stock."

Two other investors, Scott Bennett and his wife, Juli, invested in 2013, after the SEC suit, but before the bankruptcy. In early 2015, the Chester County couple were featured in a suburban newspaper touting Vagnozzi's acumen. The headline read: "Montgomery County investors double their money sooner than expected." The photo showed the smiling couple and Vagnozzi holding a giant mock check. It was true, as far as it went — Bennett said one policy, of more than 100 in the investment, had paid off at twice what investors had put in. But for his fund, Bennett said, that was the last big payout. After seven years, he said, investors have yet to get back what they put in.

"I'm in Pillar 8. We have had one death, no payout to us — they need the money [from that settlement] to pay premiums" on other policies, said another investor, Dale Hood, a Montgomery County health insurance salesman. "Most of the people have reached their expected maturity. But medical technology is keeping them living." He's still confident his investment will pay off eventually.

Jim Wollyung, 64, a retired Philadelphia trucking company employee, has invested $900,000 in Vagnozzi ventures since 2018. He put $400,000 of that into a fund mostly invested in life settlements. Fund documents show that he was among 99 investors who put up about $12 million and were told they could reap $21 million. Half the 22 policies were to come due in 2020, So far, the documents say, he has received payouts for only three deaths. His payback: $31,000. When two more policyholders died this year, he says, the Vagnozzi rep who sold him the fund told him there wasn't enough money to pay him. "They died, but I didn't get paid," Wollyung said.[47]

198. More recently, the bankruptcy trustee in the Life Partners bankruptcy has filed a lawsuit against Vagnozzi and scores of other Life Partners salespeople to claw back their commissions. The suit, seeking $1.25 million in commissions that Vagnozzi was paid 2009 to 2014, is set to go to trial in 2021.[48]

199. After the collapse of Life Partners, Defendants Vagnozzi, ABFP, ABFP Management, the ABFP Multi-Strategy Funds and the Pillar Funds found new companies from

[47] *Id.*
[48] *Id.*

which to acquire more policies, most notably from the Fort Washington-based Coventry First LLC, which is the largest life settlement firm in the industry, according to annual data compiled by the Life Settlement Report, the industry newsletter.

200. Likewise, Defendants' representations above that the ABFP life settlement funds were "Recession Proof" and that they were "Our safest, highest yielding investment," were materially false and misleading. Unbeknownst to investors in the Pillar Life Settlement Funds 1 through 8, including certain Plaintiffs and members of the Class, Defendants were secretly investing a portion of their money in Par Funding merchant cash advance notes rather than life insurance policies. The fact that their money was being invested in this manner was never disclosed to investors in the Pillar Life Settlement Funds 1 through 8. More importantly, Defendants never disclosed to investors in the Pillar Life Settlement Funds 1 through 8 the extreme risks of investing their money – including qualified retirement funds – in merchant cash advance loans. As demonstrated by the complete collapse of Par Funding's merchant cash advance business, these investments were anything but "Recession Proof," and they were extremely risky.

201. As the ABFP merchant cash investments began to tank, in late 2019 and early 2020, Vagnozzi, ABFP, ABFP Management, and others, began pressuring outside investors to put their money into the Pillar Funds, which did not provide regular monthly interest payments to investors. Rather, these funds only paid investors when the insured individuals died. At the same time, Vagnozzi sent emails to certain insiders (including some of his family members), telling them that they should invest in the ABFP merchant cash funds if they were looking to invest—*i.e.*, the exact opposite of the advice Defendants were giving to outside investors.

202. By selling these life settlement funds, Defendants were able to obtain large infusions of cash for ABFP without having the financial burden of making regular monthly

payments. This delay in payouts made the Pillar life settlement funds the perfect vehicle for Defendants to prop up their failing merchant cash investment funds.

203. Plaintiffs who have invested in the life settlement funds have reported that they have received few payments from these funds and have never received anything close to the 11% to 14% annual promised by Defendants. Moreover, Plaintiffs who have invested in these life settlement funds are aware that certain of the insured individuals have died, but did not receive payouts. Investors who question Vagnozzi about the deaths of such insured individuals are typically given the same excuse: Vagnozzi claims that the insurance proceeds are too small to distribute to life settlement fund investors, and that ABFP would holding the money until the fund accumulated enough money to make a distribution to investors worthwhile.

204. The most logical inference to be drawn from these facts is that Defendants were diverting money from new investors in the life settlement funds, as well as payouts of life insurance proceeds, to make monthly interest payments to existing investors in ABFP merchant cash funds.

Defendants' Fraudulent Fallcatcher, Inc. Investments

205. Vagnozzi also promoted unregistered investments in private firms not listed in any stock exchange. In 2019, Defendants Vagnozzi, ABFP, and ABFP Management conspired with convicted felon Henry Ford to sell to approximately $5 million of shares of common stock in a fraudulent entity known as Fallcatcher, Inc., a purported biometric device and software startup company, by means of a materially false and misleading Private Placement Memorandum and Subscription Agreement.[49] On information and belief, Defendants Pauciulo and Eckert Seamans prepared these materially false and misleading offering documents.

[49] Joseph DiStefano, "Philly-area salesman raised $5 million for a Florida man under SEC investigation in fraud," The Philadelphia Inquirer (Aug. 14, 2019) (noting, "Ford raised nearly $5 million from investors. To find those investors, his company contacted a King of Prussia firm, ABFP Management, owned by Dean Vagnozzi…").

206. Plaintiff Thomas Green was among roughly 50 investors who purchased Fallcatcher shares from Defendants. Specifically, in August 2018, Mr. Thomas used qualified retirement funds to purchase $100,000 of Fallcatcher common stock.

207. The offering documents for Fallcatcher falsely represented that this investment was exempt from registration requirements under the Securities Act of 1933—it was not exempt.

208. On May 22, 2019, the SEC charged Fallcatcher and its founder, Henry Ford, with defrauding over fifty investors in the Philadelphia area of at least $5 million. The SEC secured an emergency asset freeze to preserve investor funds.[50]

209. According to the SEC's complaint, Ford, of Port St. Lucie, Florida, falsely represented to investors that large insurers and state governments had expressed interest in Fallcatcher's technology. Ford allegedly told investors that this technology tracked patients receiving opioid addiction treatment to prevent medical billing fraud. The SEC further alleges that Ford showed investors a fabricated letter of interest from a prominent insurance company expressing an interest in starting a pilot program using Fallcatcher's technology. In reality, however, the SEC alleges that no insurers or state governments had ever expressed any interest in either Fallcatcher or its technology.

210. With respect to Vagnozzi's and ABFP's involvement, the SEC complaint, which refers to Vagnozzi as the "Salesman," alleges:

> In late May 2018, Ford sought assistance from an acquaintance (the "Salesman")—who had access to a network of investors through his own business, which included investments in life settlement funds—in raising funds for Fallcatcher from investors.
>
> On May 27, 2018, Ford sent the Salesman an email about Fallcatcher and its fundraising efforts. Ford told the Salesman that Fallcatcher was "offering 27,500,000 shares of Non Voting Class Common Stock at a price of .275 per share."

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[50] *See SEC v. Henry Ford f/k/a Cleothus Lefty Jackson and Fallcatcher, Inc.*, No. 2:19-cv-02214-PD (E.D. Pa. May 22, 2019).

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On June 5, 2018, the Salesman, emailing potential investors in his network, forwarded Ford's May 27 email to them and included the Salesman's own pitch to invest in Fallcatcher.

In his own email pitch to potential investors, the Salesman announced (emphases inoriginal): "We are GOING to raise **$3 Million**; are YOU going to be a part of it?"

The Salesman's email continued:

> Fallcatcher is a patient kiosk check-in system for the Addiction Recovery Treatment sector, that has comprehensive hardware and software elements allowing for simultaneous tracking of patient behavior, compliance, traffic flows, billing, success and failure. It is expected that Fallcatcher will be bought by a major insurance provider for a substantial price to eliminate the billions of dollars spent on fraudulent billing/activity. The Fallcatcher initiative has the support of numerous government officials (i.e. Congressman/Senators) in Florida, Pennsylvania, New Jersey, Kentucky, and Ohio. I have known the CEO, Henry Ford, for years and tracked his advancement of this product.

In the same email, the Salesman invited potential investors to attend one of four investor information sessions with Ford: (1) on June 19, 2018 at a restaurant in Trooper, Pennsylvania, where dinner was included; (2) on June 20, 2018, in King of Prussia, Pennsylvania, where lunch was included; (3) on June 20, 2018, at a golf club in Lafayette Hill, Pennsylvania, where dinner was included; and (4) on June 21, 2018, in Mount Laurel, New Jersey. The Salesman urged potential investors to reply to his assistant to reserve a seat at one of these presentations.

In his email, the Salesman also told the potential investors that the minimum investment in Fallcatcher was $75,000 and that "cash or IRA [individual retirement account] money" could be invested.

211. The SEC's complaint, filed in the U.S. District Court for the Eastern District of Pennsylvania, alleged that Fallcatcher and Ford violated the antifraud provisions of Section 17(a) of the Securities Act of 1933 and Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder.

212. On February 26, 2020, the Court entered an Order approving Consent Judgments

as to Defendants Henry Ford and Fallcatcher, Inc. (*see* Dkt. # 41) requiring Fallcatcher to pay disgorgement of $2,295,320.87, representing profits gained as a result of the fraudulent scheme alleged in the SEC Complaint, and requiring Henry Ford to pay disgorgement of $539,140.58, representing profits gained as a result of the fraudulent scheme alleged in the SEC Complaint, together with prejudgment interest thereon in the amount of $13,362.50, and a civil penalty in the amount of $539,140.58, for a total of $1,091,643.66.

Vagnozzi's and ABFP's Other Alternatives to Wall Street

213. **Litigation funding.** Vagnozzi has raised more than $10 million since 2017 for four Atrium Legal Capital funds, which invest in personal-injury lawsuits. The funds give the injured upfront cash, betting they can recoup the money and more once a case is resolved.

214. The Atrium Legal Capital Funds have been put at risk by Defendants' fraudulent merchant cash advance investment scheme, as the money invested in the Atrium Legal Capital Funds is now subject to claims arising out of the merchant cash debacle.

215. **ProMed Investment Co., L.P.** In July 2020, Vagnozzi told clients he had raised an additional $11 million from investors for a fund that invests in medical liens from doctors who treat injured uninsured patients, in hopes that the fund can collect later from lawsuits and settlements in personal-injury lawsuits.

216. Investments in ProMed Investment Co. have been put at risk by Defendants' fraudulent merchant cash advance investment scheme, as the money invested in the ProMed Investment Co. may now be subject to claims arising out of the merchant cash debacle.

217. **Real Estate.** Vagnozzi has also promoted unregistered investments in commercial real estate developments. In June 2020, he urged callers responding to his radio ads to invest in a Princeton-area project for a New Jersey firm called the Woodland Falls Investment Fund, LLC.

Money invested in the Woodland Falls Investment Fund, LLC has been put at risk by Defendants' fraudulent merchant cash advance investment scheme, as the money invested in the Woodland Falls Investment Fund, LLC may now subject to claims arising out of the merchant cash debacle.

The Truth Begins to Emerge

218. On March 12, 2020, Vagnozzi forwarded to investors a message he received from Par Funding, in which Par Funding claimed that Coronavirus will have "no long term effects to [Par Funding's] projected growth and revenue," and that "There has been no noticeable effect to our client payments or default rates."[51]

219. On March 16, 2020, Vagnozzi emailed a video to investors, which he has since taken down. However, in the email Vagnozzi summarized the video's message that their investments were safe:

> Many companies in the MCA space have indeed stopped advancing money. Why? Because many of these MCA companies are backed by institutional funds and the people that run these institutions DO NOT understand the MCA business like PAR does! The fact that so many of their competitors have ceased advancing, and because ***Par Funding is in such strong financial shape with significant cash on the balance sheet and retained earnings*** (as you will hear about), they can cherry pick the best opportunities...and there are a lot of them on the street.
>
> ***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.

(Emphasis added). The statements in the above-quoted email were false—Par Funding was already on the brink of financial ruin. Indeed, as revealed in the SEC Complaint, by August 2019, Par Funding had filed more than 800 lawsuits against small businesses for defaulted Loans seeking more than $100 million; by November 2019, Par Funding had filed more than 1,000 lawsuits seeking more than $145 million in missed payments; and by January 2020, Par Funding had filed

[51] SEC Complaint at para. 124-25.

more than 1,200 lawsuits seeking $150 million in delinquent payments. Thus, Par Funding's business was collapsing months before businesses were closing due to the Covid-19 pandemic.

220. On March 26, 2020, Vagnozzi, emailed investors a message from Par Funding concerning the purported financial impact the COVID-19 pandemic had on Par Funding's revenues, in which Par Funding revealed: "Over the past several months, Par Funding, like many other companies across the globe, has been severely impacted by the Coronavirus pandemic," and that "virtually all of [Par Funding's Loan borrowers] have called seeking a moratorium on payments and other restructured payment terms."[52]

221. Vagnozzi added his own message to the March 26 email, stating: "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." In this same email message Vagnozzi goes on to discourage investors from filing a lawsuit against Par Funding and tells investors his attorneys, Defendants Pauciulo and Eckert Seamans, were working to restructure the investments so payments to investors can resume.

222. In an April 17, 2020 email addressed to "MCA Investors," Defendant Vagnozzi revealed that "PAR Funding appears to be insolvent." Vagnozzi advised Plaintiffs and the Class that only the alternatives were that "Par either declares bankruptcy…or they rebuild." But Vagnozzi claimed that "***Par wants to rebuild***." (Emphasis in original).

223. Vagnozzi then proposed a restructuring of the ABFP MCA notes: "**So, here is the plan that Par Funding is offering…** You, the investor, will earn 4% interest over a period of 7 years. The principal your [*sic*] receive back, in addition to the 4% interest will increase after the 1st year." (Emphasis in original). Vagnozzi claimed that "this is Par's final offer," and that "[t]hese payout terms are not negotiable."

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[52] SEC Complaint at para. 126.

224. As part of his high-pressure tactics, Vagnozzi advised investors that they needed to accept the proposal by April 21, 2020 – *i.e.*, a mere four (4) days later. This cramped timeframe made it virtually impossible for investors to seek out legal advice concerning their rights under the circumstances, let alone undertake an investigation to determine the veracity of Hobson's choice presented by Vagnozzi. Vagnozzi further implored: "**I STRONGLY advise you to take this deal. The consequences if you do not, I feel are FARWORSE than taking a 4% interest rate for 7 years.**" (Emphasis in original).

225. Finally, Vagnozzi passed on to Plaintiffs and the Class the dubious advice of his own attorneys, Defendants Pauciulo and Eckert Seamans, in an attempt to persuade ABFP investors that they would be better off not filing suit and agreeing to the proposed restructuring with a company that he admitted to be illiquid—Par Funding. Specifically, Vagnozzi stated:

> 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 in Philadelphia:
>
> ***While we expect that all investors will elect to modify the terms of their notes, those who do not will be left with limited options. If all investors do not elect to modify their notes, a new fund will be established which will issue the new notes with the modified terms. The existing fund will remain but its sole assets will be notes issued by PAR with the modified terms (4% interest with principal paid out over 7 years). The existing fund will pay out those amounts it receives from PAR. Investors who do not elect to modify their notes will have to choose whether to accept those payments or file suit against the existing fund and attempt to collect the difference between the amounts they are owed under the existing notes and the 4% payout. Any such lawsuit is likely to take one to two years, at a minimum, and cost tens of thousands of dollars in legal fees.***

(Emphasis in original).

226. Besides the fact that Defendants, including Pauciulo and Eckert Seamans, were purporting to provide legal advice to unrepresented individuals concerning their six-figure investments, and despite glaring conflicts of interest, the statements attributed to Pauciulo and

Eckert Seamans were materially false and misleading for numerous reasons, including the fact that ABFP investors would not be limited to filing "suit against the existing fund" only, nor would bringing suit cost investors "tens of thousands of dollars in legal fees," as attorneys who represent investors in securities fraud cases typically do so on a contingent fee basis. Defendant Pauciulo, as an experienced securities lawyer, undoubtedly knew this, but he made contrary statements in order to discourage investors from suing his clients.

227. Also in mid-April 2020, Defendants released a video created on about April 18, 2020, to Plaintiffs and the Class in which Defendant Pauciulo stated that he had been working with Vagnozzi since 2003 or 2004, that he knows the ABFP staff, that they had created approximately 25 private placement memoranda for investments sold by Vagnozzi and ABFP, including numerous alternative asset investment offerings. Indeed, Defendant Pauciulo and Eckert Seamans have been key players in every ABFP alternative asset investment offering, stating:

> MR. PAUCIULO: Sure. Thank you. Hey, for those of you who don't know me, my name is John Pauciulo, I'm a partner at the law firm of Eckert Seamans Cherin & Mellott. We're a law firm of about 375 lawyers with offices in 14 cities, primarily on the East Coast of the United States. I've been practicing law for 30 years. The focus of my practice is on corporate transactions and securities. I've done that for my entire career.
>
> *****
>
> MR. VAGNOZZI: Okay. John, summarize --we've been working together since 2004. For, again, a lot of the people hearing this, know this already. Some of my, let's just say, newer investors, how --we've been working together since 2004. ***We've done--you've done, I don't know, 25 different private placement memorandums for my investors, different investments***.
>
> Can you summarize for --for, again, my new clients our working relationship? I don't know, just as --as far as --I don't know, whatever comments you want to make about me and my staff that you think would be beneficial for this call.
>
> MR. PAUCIULO: Sure. ***I think we started in 2003***, but, any way you slice it, it's a long time; 16, 17 years we've worked together. It's been --***I don't know how***

many funds we've done, 20, 22 3 4, something like that. And we have created investment funds across a pretty wide scope of businesses.

We've done real estate, we've done other alternative asset classes. What I think, importantly, is there's deals that we haven't done, right? I mean, there are industries and transactions that we did a lot of diligence around and decided, you know, it's not right for us, you know, not the kind of investment we wanted to get into. And I think we made some good calls on a couple of those.

MR. VAGNOZZI: Absolutely.

MR. PAUCIULO: We later found out that some of those went sideways. So --so I think we've been, you know, pretty disciplined in our approach and have sought out, you know, business opportunities that most people wouldn't be aware of and probably wouldn't have an opportunity to invest in for a whole bunch of reasons, you know, through these fund structures.

And for me as a lawyer, I love it when my clients are successful. That's what gives me the most pride and joy in what I do, and it's been fun to work with you over the years and to see, you know, your business grow dramatically from doing a lot of financial planning and insurance based offerings to, you know, building a portfolio of alternative investments. You know, that's been exciting to a --to be a part of that.

MR. VAGNOZZI: ***You've gotten to know my--my staff has grown significantly. You know everybody on the staff***. My point is, positive relationship, ***only positive things to say about myself and my staff; is that a fair statement?***

MR. PAUCIULO: ***Yeah, it is****….*

(Emphasis added).

228. During the April 18 video, Defendants Vagnozzi and Pauciulo acknowledged that they had received requests from investors to review Par Funding's financial statements so that they could determine whether they would be able to recoup their investments. Defendants refused this request, claiming that it would be harmful to disclose the financial statements of a private company like Par Funding. However, Defendant Pauciulo stated that he was given an opportunity to review Par Funding's financial statements pursuant to a Non-Disclosure Agreement:

MR. VAGNOZZI: Okay. So, John, let's --let's, again, I don't think we need to spend a ton of time here but let's talk about, you signed ***--John, you signed an NDA. John reviewed the financials***, and he's going to be --I'm going to summarize

> them. John ***John signed an NDA with --with Par Funding***. Summarize what that means to everybody.
>
> MR. PAUCIULO: Sure. So NDA stands for nondisclosure agreement. Another word you could use to describe it would be a confidentiality agreement. And they're very common in the business world. And any time you're doing a business transaction, there's a due diligence process, so there's an exchange of information that parties use to evaluate the merits of the transaction.
>
> You know, again, very, very common. In fact, almost universal in every transaction you'll have some form of diligence and parties will be signing a nondisclosure agreement.
>
> ***So as we've been talking with Par Funding over the last three weeks to see, you know, if there could be a work out and a restructuring of their debt, you know, as part of that process we have to do due diligence***. We have to conduct some due diligence, we have to get a better understanding or a clearer understanding of where they stand from a financials' point of view. They've told us all sorts of things and given the pandemic and the news, it's not hard to connect a lot of those dots, right. We know the kind of companies that they're extending cash advances to.
>
> But, nonetheless, you know, we asked them for documentation to support what we expected to see. And--

(Emphasis added).

229. Defendant Pauciulo then attempted to justify the secrecy around Par Funding's financial position, claiming:

> MR. PAUCIULO: Yeah, I mean, their concern--you know, you touched on it. They are a privately held company. Unlike a public company, you can go find the financials on Google Finance, right, because they have to. A publicly traded company has to issue their financial statements and make them available to the public for review.
>
> ***So this is a private company. They don't want to or are very uncomfortable with the notion that their financial statements could be dispersed to anybody and everybody***. And, you know, there's--there's some good reason for that. One reason is that it doesn't do Par Funding any good to have word on the street that, you know, they're in financial trouble. Because they are owed a lot of money from--from their customers. And if I'm their customer and I find out that they're in financial trouble, it gives me all the more reason not to pay them because I might think that they're going to go away, they're going to go out of business. ***So it really doesn't benefit anybody to have that information, you know, widely dispersed and available for anybody and everybody to look at***.

> MR. VAGNOZZI: Okay.
>
> MR. PAUCIULO: So the compromise, after the back and forth, was that ***I personally would sign the nondisclosure agreement***, I personally would receive the confidential information, I would review it, and I would review it ***for the sole purpose of giving advice to my clients as to the status of their financial condition***.

(Emphasis added).

230. Plaintiffs and the Class, who provided millions of dollars in working capital to Par Funding through their investments in ABFP merchant cash advance securities, were not just "anybody and everybody." On the contrary, Plaintiffs and the Class had a real financial interest in knowing the truth about Par Funding's financial condition and, in particular, whether Par Funding possessed the financial wherewithal to successfully complete a restructuring such that it would be capable of repaying Plaintiffs and the Class their principal investments. As shown below, Defendants Vagnozzi and Pauciulo grievously misled Plaintiffs and the Class concerning the prospects of a successful restructuring with Par Funding.

231. Defendant Pauciulo then stated that he personally received confidential financial information from Par Funding so that he could advise Defendant Vagnozzi and ABFP on the notes that ABFP had entered into with Par Funding. Contrary to the terms of the NDA, Defendant Vagnozzi disclosed that Par Funding was now insolvent, stating: "Par Funding, CBSG's, their liabilities exceed their assets. They are insolvent by a significant margin and their revenues have pretty much ceased." Vagnozzi added that Par Funding's revenue was now 1/10th of what it was before pandemic, stating: "They are--their revenues are about, about one tenth of what they've averaged the past 12 months." Defendant Pauciulo confirmed, "Yes, that's correct."

232. But, in order to falsely assure Plaintiffs and the Class about the likelihood of recouping their principal, and to get Plaintiffs and the Class "on-board with the deal," Vagnozzi

represented to ABFP investors that, if they accepted the Exchange Offerings, Par Funding would be able to successfully return to profitability and, most importantly, repay investors' principal, stating:

> They are—***the confidence is high that they will resurrect their business***. So I don't want anybody to lose sight of that. ***The confidence is extremely high that they will resurrect their business***. But what I hope everybody agrees, nobody knows how long it's going to take. We all hope it's going to take the two months, we all hope it's going to take, three, four, five months. Nobody—John, do you agree—there's not an economist in America that knows how long things are going to get back to normal. That—but ***the consensus with the people at Par is that there's going to be huge opportunities once things stabilize***.
>
> Again, banks historically—once they give out surplus money, stimulus money, I think banks are going to be really conservative and tight with their assets, with their money. ***I think the merchant cash industry is poised to do extremely well***, we just don't know, again, if it's two months from now, eight months from now, a year from now. Hence, the seven year plan, which we'll get to.

(Emphasis added). Defendant Pauciulo ratified Vagnozzi's baseless assessment of Par Funding's prospects.

233. Defendant Pauciulo then purported to advise Plaintiffs and the Class about their three options as creditors of Par Funding, which he claimed to be "the universe of possibilities" under the circumstances. The first option would be for ABFP to file a lawsuit against Par Funding, however, Defendant Pauciulo quickly dispelled that as a practical consideration, stating:

> [MR. PAUCIULO:] ***The first option would be to file a lawsuit against Par Funding for breach of contract.*** There are notes that are contracts between the fund itself and Par. They're in breach, we could sue them. We would win ultimately because there's really no factual dispute, right. Ultimately, we would win. So that all sounds great but in the meantime ***it's going to cost hundreds of thousands of dollars in legal fees and even in a short time frame is going to take a couple of years. The judicial system moves slowly***. And even if we win, we'll get a judgment and now we have to go and enforce that judgment. And we enforce that judgment through a process of levying--
>
> MR. VAGNOZZI: John, hold on. In the meantime, as we're--as we're fighting them and they know we're fighting them, they're not going to pay us.

MR. PAUCIULO: Well, not only are they not going to pay us, I was getting to this—

MR. VAGNOZZI: Okay. I'm sorry, John. I'm sorry.

MR. PAUCIULO: Yeah. ***Not only are they not going to pay us because we're fighting them, we're in litigation, there's no good reason to pay us***. And in fact, the choice that most debtors make in that position is to conserve cash and pay their lawyer and have a war chest to fight.

So, ultimately, we would get a judgment and we would have an opportunity to collect those assets. So we would essentially be stepping into the shoes of Par Funding today and then have the right to go out and collect all those advances.

So, congratulations, you've won, but what you've won is the right to do Joe's job from two years from now. And, meanwhile, those advances are going to sit out there and I think everybody--the longer those sit out there, the more they degrade, the more they become uncollectible or unlikely to be collected.

So in that context, ***if we filed a lawsuit, I think it's very, very likely that Par Funding would simply file voluntarily for bankruptcy***. And they would do that for a couple of reasons. The most significant reason, if you're a debtor and you file for bankruptcy, by law all collection efforts must stop. ***So our lawsuit would stop, right. The Court is going to say, you guys can't do anything, it's all going to be resolved through the bankruptcy process***.

So in the process, what happens? A trustee is appointed, he marshals assets, he pays them out pro rata to creditors. That would be us. The good news is you're going to get something; the bad news is it's going to take years, it's going to cost a lot of money in legal fees, which, oh, by the way, comes out of the bankrupt estate, right, the lawyers get paid first, that's how it works. ***And we think it's very likely that the outcome would be, you know, some percentage of the total amount owed. It's impossible to know at this point what that percentage would be, but I think it's reasonable to expect 10 to maybe 30 percent, maybe***. And that's just kind of my ballpark estimate.

So that's-- that's the litigation option. Not terribly attractive.

(Emphasis added).

234. Pauciulo, who is neither a bankruptcy attorney nor a litigator, had no business advising hundreds of unrepresented investors about their prospects of recovering a significant portion of their investments by pursuing litigation against Par Funding. Among other things,

Pauciulo recklessly speculated about the percentage of recovery that ABFP investors might have been able to obtain through litigation, including bankruptcy proceedings. However, in order to dissuade ABFP investors from lobbying Vagnozzi to sue Par Funding, Pauciulo deliberately lowballed ABFP investors' odds, claiming that a reasonable expectation would be a recovery of 10%-30% of their principal.

235. Defendant Pauciulo then purported to advise Plaintiffs and the Class about the second option—forcing Par Funding into an involuntary bankruptcy, and again Pauciulo tried his best to dissuade ABFP investors from pursuing this course of action, claiming:

> [MR. PAUCIULO:] The other option would be as creditors, ***we could force Par Funding into a bankruptcy. It's called an involuntary bankruptcy.*** If three or more creditors got together, we could file an involuntary petition and they would be in bankruptcy.
>
> Now, the process unfolds just--in much the same way as the voluntary bankruptcy that I just described to you, but suffice it to say, a trustee would be appointed, he would effectively manage the business, he would collect their debts and he would pay creditors pro rata.
>
> And, again, ***it's the same kind of conclusion; time consuming, expensive***. Yeah, we'll get money but ***it will be a long time coming and it's going to be some fraction of the whole***. So that's the second option.

(Emphasis added).

236. Defendant Pauciulo again overreached by purporting to advise ABFP investors concerning bankruptcy matters, for which he lacked the requisite knowledge and experience. Moreover, Pauciulo failed to disclose his potential conflicts of interest and instead presented or otherwise implied to ABFP investors that his advice as that of a disinterested authority on the law. At no time during this video did Defendant Pauciulo advise Plaintiffs and the Class about his conflicts of interest, nor did he advise Plaintiffs and the Class that they should seek out their own independent legal counsel.

237. Here, Plaintiffs and the Class were unaware of Pauciulo's (and by extension, Eckert Seamans') serious conflicts of interest, including Pauciulo's and Eckert Seamans' potential liability to Vagnozzi and the ABFP entities for malpractice by advising them in connection with each of the ABFP merchant cash advance securities offerings, and potential liability to Plaintiffs and the Class for, among other things, preparing materially misleading offering documents that failed to disclose material facts concerning the risks of investing in ABFP merchant cash advance securities, such as LaForte's criminal convictions, and Vagnozzi's, ABFP's, and Par Funding's histories of violating state and federal securities laws.

238. Finally, Defendant Pauciulo made his sales pitch for the third option—restructuring the ABFP merchant cash advance securities—which was the only option that he and Vagnozzi had any interest in pursuing because, unbeknownst to Plaintiffs and the Class, Defendants were plotting to include a "get-out-of-jail-free card" in the fine print of the Exchange Offerings, in the form of a broad release of claims and waivers of the right to a jury trial, and the right to bring a class action. Specifically, Defendant Pauciulo stated:

> ***The third option is a restructuring of the debt, which is very commonly done between borrowers and lenders in any kind of default or distress***. And that's-- that's what Dean and I have been focusing on with Par for the last, I don't know, about two weeks, ten days, it feels like a lot longer. But we've been working on, you know, can we restructure the debt, and if we restructure it, you know, what does it look like? And, again, that's part of the diligence that we've been doing, part of my review of their financials. We've had-- Dean has had countless meetings with their team.
>
> And we want to do a restructuring that allows for them to turn it around, right, to re emerge financially successful. And sometimes, because that's the goal, you know, the terms may seem generous to the debtor. And it's easy to have a reaction of, why--why are we giving these terms? The answer is, we want them to be successful.
>
> And, you know, after a lot of discussion and a lot of back and forth, you know, I think--you know, ***Dean and I have come to the conclusion that the work out gives us the best possible result***.

> You know, there's no guarantees, no one knows what's going to happen. But, you know, given our other choices, you know, ***we think this is the better choice among what are three not great choices***. There's no silver bullet here. There's no magic wand that gets waved. ***But we think that this is an opportunity to get the most investors the most money back***.

(Emphasis added).

239. Defendant Pauciulo's statement, "Dean and I have come to the conclusion that the work out gives us the best possible result," was partially true—the restructuring would be the best possible result for Defendants because they believed that the waivers and releases that they buried in the Exchange Notes Offerings would absolve them of liability to Plaintiffs and the Class.

240. Vagnozzi then made his sales pitch for the Exchange Offerings, which echoed his lawyer's claims, saying:

> MR. VAGNOZZI: Okay. Good summary, John. And that's what we've—look, that is what John and I, we have exhausted this conversation. So just seeing some of the e mails coming back—again, ***the overall majority of the e mails coming back have been positive***, supportive, you're in, you accept it. We are getting people that obviously have a lot of questions; is seven years too long? Is 4 percent too low?
>
> I get—we get—I get all of that. The purpose is to get them profitable so they can make money, recoup their losses. The quicker that happens, the more likelihood that all of us get our money. ***And again, just as—I believe, just an opinion—just an opinion, I believe, through conversations with them and just knowing the individuals down there, I believe is their sincerest intent is to pay the debt down sooner than seven years if they can do it, okay***. But they can't—they can't be obligated to do it in two or three. They need to make it have as long as they can to give them the best chance to become profitable. You want a profit—you want a profitable Par Funding company. The more profitable they are, the more likely you're going to make all your money back plus some interest and the potential to get paid back sooner. You want that. That's why—that's why the seven years.
>
> And, you know, I wish it was shorter but, again, it is what it is. Okay.

(Emphasis added).

241. In addition to the misleading statements and material omissions made by Pauciulo, Vagnozzi dangled the unrealistic possibility of a quicker repayment of principal in order to persuade Plaintiffs and the Class to sign off on the Exchange Notes Offerings. However, Vagnozzi and Pauciulo both knew that early repayment—or indeed any repayment—would not occur because Par Funding was on insolvent and securities regulators, including the SEC, were closing in.

242. Also, during the April 18, 2020 video, Defendants admitted that the ABFP income funds are nothing more than shell companies, and Defendant Pauciulo stated that if investors sue ABFP, the only assets of ABFP income funds are the notes with Par Funding, and thus, he recommended that investors not sue any ABFP entity because they would only recover what Par Funding ultimately agrees to pay.

243. Specifically, Vagnozzi and Pauciulo advised Plaintiffs and the Class that it would be futile for ABFP merchant cash investors to sue ABFP, claiming:

> MR. PAUCIULO: Yes. This is an organizational chart that shows the structure, the legal structure of the fund and how it was established.
>
> And there are several different ABF income funds. This example applies to all of them. They are all structured the same way.
>
> So we'll start in the middle. So we formed ABFP Income Fund. So that's a legal entity. Like a corporation, it's actually a limited liability company but it's a stand alone, you know, legal entity. Now, ABFP obviously accepted investor dollars, and in exchange for those investor dollars, issued promissory notes to each investor. ***So everybody listening to this call holds a promissory note issued by ABFP***.
>
> ABFP then took, you know, the cash proceeds from the sale of its notes. And then you'll see on the right side of the screen, they took that cash and they bought notes issued by CBSG, which is the legal name of the entity traded as Par Funding. ***So our fund owns promissory notes issued by Par Funding***.
>
> MR. VAGNOZZI: So I just want to stress, ***the investor, everybody listening here, does not have a note directly with Par Funding. You have a note with my fund*** or the—whoever—whoever—you may be watching this from the—you know, you

may be with another fund. But the point is, ***you have a note with my fund, my income fund, which is the middle. You do not have a note with CBSG or Par Funding directly***.

John, their claims are against who?

MR. PAUCIULO: ***The claim, if any, is between the investor and ABFP Income Fund.*** Because that's really—that's the contractual relationship. Investors have no contractual relationship with Par Funding. The technical legal term is privity, privity of contract.

So without some kind of direct business relationships and some kind of direct contractual relationship, the remedy is against the income fund itself, not to Par. That—

MR. VAGNOZZI: So we already heard—the past ten minutes you summarized why, in essence, I am going to sign off on the note between my fund and CBSG. We have three options. We feel by far it's the best option to give us a chance to get everybody to get their money back. Right?

So now the—everybody listening has to make a determination, do they want to accept—do they want to accept, in essence, the fact that I accepted the terms between me and Par.

Is that a fair statement, John? I want to make sure I'm not rephrasing anything wrong.

MR. PAUCIULO: No, ***that's correct***.

MR. VAGNOZZI: Okay. So, next. So here is our options. John, explain this next slide.

MR. PAUCIULO: Sure. So, you know, the income fund has decided, I think we can say at this point it's pretty conclusive, that we want to—the funds want to restructure our notes with Par Funding. And that's, you know, that's the way we go forward.

Now, in—on the left hand side of the screen, so you'll see two boxes, there's investors that don't sign and there's investors that sign.

So each investor has the choice of whether—you know, the same choices that ABFP Income Fund has vis à vis Par Funding, ***each investor has the same choice with regard to the income fund. You can sue, you could put us into involuntary bankruptcy, I think, or you can agree to restructure.***

And so the proposal is to restructure the notes between the investors and ABFP Income Fund in the same way they're being restructured on the other side of the deal.

So—so—so there are two possibilities, right. There are investors that agree to the restructuring and sign up for the new deal and there's investors who choose not to.

So if we have investors that choose not to accept the deal, there's nothing for you to do. You'll—your deal will remain status quo. Ultimately, those notes will be in default. But what we will be doing is setting up parallel funds, and we will be dividing up the assets from the income fund, the existing income fund with the new parallel funds in proportion to those investors who sign up for the deal and those who don't. So there will be cash flow going through both the new—the new parallel fund and the existing income fund.

So if you're an investor and you decide not to sign up, you know, you have no obligation—no legal obligation to do that. But know that what—in effect you're going to wind up getting the deal anyway. Because you're going to get the 5 percent income and then you're going to make a decision about what you want to do with that. Do you want to accept the 5 percent? Do you want to accept the 5 percent or do you want to file a lawsuit and try to pursue more? ***But, you know, a successful lawsuit will get you a judgment against ABFP Income Fund and the only assets that the income fund is going to hold are the secured notes with Par. So that's what you're going to wind up getting.***

So, you know, we think the structure should strongly encourage everyone to agree to the restructure and to accept the deal. And, again, we think that's in the best interest of all investors and we think that's, again, a hard choice among some tough choices, but ultimately the one that we think has the best chance to get the most people the most money.

MR. VAGNOZZI: Yeah, I mean, you have to—John, you have to—listen, it's really a math equation, right. Not only do we feel that—that the—yeah, I mean, the likelihood of you getting, you know, 10 to 30 cents on the dollar based on your guess, if—if we—if I were to fight Par, if I represented the—if I fight them, it's 10 to 30 percent collections several years from now. Fair statement?

MR. PAUCIULO: Yeah, and tens, if not hundreds, of thousands in legal fees.

MR. VAGNOZZI: Yeah. And where is that coming from?

So the other option is, again, if somebody—if somebody, candidly, doesn't want to get on board, they want to stay on the top half, they want to stay as they're—what they're going to do, if they wanted to, you know, ***go hire an attorney, on your own, and you're going to basically come after the—you're going to try to get a judgment against the fund.***

> ***John, what are the assets of the fund?***
>
> MR. PAUCIULO: ***The Par notes***.
>
> MR. VAGNOZZI: ***I assure you there's no—there's not a big chunk of money sitting in the income funds, sitting there. The bank accounts have zero in them***. Because the money was basically given to Par***. So you will—you will fight and you will get some kind of judgment against the fund. And you will collect the percentage that they pay***.
>
> MR. PAUCIULO: ***Right***.
>
> MR. VAGNOZZI: I don't know, John, can we say it any simpler?
>
> We are the yes, let's leave it at that. ***So it's really in everybody's best interest to have a fighting chance to come on board and work with these guys***. We're going to work with them. We'll work with them. ***That's your most likely scenario of getting your money back.***

(Emphasis added).

244. Defendants' statements in the preceding paragraph were materially false and misleading because, among other things, Defendants presented Pauciulo's legal analysis as being independent, objective and impartial, when in fact, Pauciulo was deeply conflicted, as he was hired and paid by Vagnozzi and ABFP to zealously represent the legal and financial interests of Vagnozzi and each of the ABFP entities named herein. And Pauciulo and Eckert Seamans were bound by their retention to guard Defendants against exposure to liability generally, and, pertinent to this action, potential liability to ABFP merchant cash investors whose interests were plainly adverse to Defendants.

245. In this same video message to investors, Defendant Pauciulo 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, claiming:

> [MR. VAGNOZZI:] John, let's wrap up by talking about the security. Here is what—here is the thing, here is—by the way, this is a major reason we are going to

work with them. Because a year from now, could they default? Yes, they could default. But what—***talk about the security and the liens***, how this is working versus what we're about to get and what we don't have today and how that benefits us a year from now.

MR. PAUCIULO: Sure. I don't know if you want to scroll back to the first slide but, so—***so as it stands today, the notes issued by Par Funding to ABFP Income Fund are all unsecured. So there's no collateral. They're unsecured notes***.

Similarly, the notes issued by the income fund to the investors are unsecured. And that's all laid out in the PPM that hopefully you got and took a look at when you made your investment decision. They're unsecured.

So if there's a default, again, your remedy is a lawsuit. Your remedy is not go grab collateral because you don't have a lien in any of the collateral so there's no legal basis on which to do that, right.

So then if we go to the next slide, Dean. As part of our negotiations with Par Funding, they are offering collateral. And they said, hey, we're going to move you from an unsecured status to a secured status. And in the legal world, in the bankruptcy world, that's a very, very meaningful difference. We'll now have collateral. If there's a default in the future, we wouldn't have to necessarily file a lawsuit. We can skip that whole lawsuit phase and go right to the phase of, you know, we're going to go grab assets and we are going to go collect assets.

Now, there's a whole process involved with that and I don't want to sort of minimize that or oversimplify that. But that's years of litigation and tens of thousands of dollars in legal fees you kinda—you get to skip that phase and you go—get to grab assets.

Over the last several business days, I have obtained lien reports. So these liens, I don't want to get into too much detail, but in order to have an effective lien, you have to file a record in a public filing place. It works just the same as your mortgage on your house, right. You can go to the recorder of deeds in your county and you can see a mortgage recorded against the property. The process is very very similar.

But, in any event, ***I did a lien search and currently Par Funding does not have any liens on its assets***.

MR. VAGNOZZI: Which is very key, John. It's very key because I've had people ask us that. Is there a—it's a very key point.

MR. PAUCIULO: It's a key point.

> ***So not only are we getting a lien, we're getting a first position lien. So we'll be first in line if there is a default, we'll be the first among all creditors to, you know, realize upon collateral to pay—to pay the debt.***
>
> MR. VAGNOZZI: Okay. Fair enough. So, John, again, summarizing and wrapping up, we are—***with this security here, this is a big part of our decision. People are, like, big part of our decision to take this deal is because a year from now everything that's available to us legally today will be available to us a year from now, should they default, and we're in a better position***. And we've given these guys a chance to resurrect their business. That's the major thinking. And because it—we have a secured lien collecting money a year from now would be a lot easier than today. Correct? Fair?
>
> MR. PAUCIULO: ***Correct***.

(Emphasis added).

246. Defendants' statements, above, were materially false and misleading because, as noted in the SEC Complaint, 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 Defendant Pauciulo's purported lien from being first in line. If Defendant Pauciulo had, in fact, performed a lien search, as he claims, either he did so negligently and failed to locate and identify senior liens (making him professionally negligent in providing faulty advice to unrepresented investors about liens against Par Funding), or he lied about the results of the lien check, or he failed to perform a lien check and lied about doing so. In any event, the Exchange Notes offerings provided ABFP merchant cash investors no greater security than the original subscription agreements.

247. On April 26, 2020, Vagnozzi, through ABFP, emailed investors another video of Vagnozzi and Pauciulo discussing the Exchange Offering, in which Pauciulo and Vagnozzi again recommended that Plaintiffs and the Class accept the Exchange Offering, stating:

> [MR. VAGNOZZI:] I guess, John, again, to reiterate, out of the options we have when everybody—you know, I think everybody, overwhelming majority, like 99 percent of people, are on board. ***This is—you still feel strongly that this is the best—best—best chance for people to get their money back and the rate of return, right?***

Out of the options, this is—you would agree, again, this is—this is—this is your—this is the best choice, the best choice of the three; fair statement? I want them to hear that from you, not me.

MR. PAUCIULO: ***Yeah, I think it's the best chance to get the most money back.*** And we talked at length on our video last week about, you know, basically there are three options. There are a couple of variations on those three, but in the simplest terms there's three options. There's litigating, which is expensive, probably pushes into a bankruptcy and you'd wind up in a bankruptcy proceeding for several years and there will be some return to investors, but I think, you know, some fraction, probably a relatively small fraction of the investment.

Similarly, we could compel them into a bankruptcy. Same—same net result.

Or, we try to work with them and restructure the debt. And, you know, ***I think that that gives, again, the investors the best chance to get the most money back.*** There's no guarantees, obviously. A lot depends on some unknowns and what happens with the economy. And we all—we all are waiting and watching and hoping to see what happens with that.

But, you know, we know pretty well what will happen in the other options. ***And I think, again, this is the best chance to get the most back.***

(Emphasis added).

248. At Vagnozzi's behest, Pauciulo walked ABFP investors page-by-page through the Exchange Notes Offering documents, and reminded investors to review the disclosures and risks in the Exchange Offering materials.

MR. PAUCIULO: Sure. Well, the 30 pages are really three separate documents with a couple of attachments.

So the first document, really the main document with a couple of exhibits, is the supplement to confidential private placement offering memorandum.

Now, when you made your original investment, you'll recall you got a very comprehensive confidential private placement memorandum. Everybody refers to it as a PPM. And you received that PPM and it gave you all sorts of information about the investment opportunity and so forth.

So this supplement provides supplemental, additional, new information, really based on, you know, everything that's transpired over the last six weeks; you know, the Covid pandemic and the effect of that pandemic on the merchant cash advance

business, the fact that Par Funding gave notice to all of its creditors that it was initially placing a complete moratorium on payments to creditors, and then the negotiations with Par Funding to restructure the debt held by—held by the funds themselves.

So that's laid out in the supplement and that's laid out in the first—you know, first few pages, really, beginning on Page—on Page 5 of this. So certainly encourage people to read that. You'll see some of the usual boiler plate from the PPM.

So here on the ABF Income Fund original note offer, we talk about the original note offering and we talk about the effects of the pandemic. On the following page, Page 6, there are some risk factors. And that talks about the risks associated with the restructuring.

Again, we think this is the best of the possible outcomes but every investment has risk and, again, we don't know what the future will hold. So this talks about some of the ongoing risks.

And then when you get to Page 9, you'll see some provisions concerning the exchange offering, kind of what happens now. And this is—you know, this is a description of what everything Dean and I have been talking with you all about over the last week or two and the notion, very simply, is that you are going to exchange your existing note for a new note. And the existing terms are going to be amended and restated and there's going to be a new note with the new terms that we've been talking about.

The specific of those terms start here, in the middle of the page, and you can see the header, terms of the restated note. And you can see the seven year anniversary—excuse me, the seven year maturity date. You can see the rate of interest at 40—excuse me, at 4 percent. You can see the installments, you know, the mechanics about what amounts get paid when. So this is just, again, all disclosure for you to take a look at and read through.

And then the next couple of pages contain, just at a high level, you know, a couple of other items. And then here, this is a really important page. So as you accept the exchange offer, this is the mechanics of what you need to do. So, one, you need to sign the exchange agreement. And that's the stand alone signature page that we provided. I'm going to go through the exchange agreement in a second, that's part of the package. But the action item is to sign the exchange agreement.
Let's go back up just a little bit, Dean.
Okay. Sign it. Print it out, sign it. And then you're going to send it back to Anita Badalamenti at Dean's office. Right here is her email address, right, Anita@betterfinancialplan. Or, if you prefer, obviously, you can mail or send it into the office. Okay. So this is your instructions when you're—when you're accepting.

So then—so that's—that's the supplemental disclosure document, okay. Let's look at the two exhibits to the supplemental disclosure document. Exhibit A is the exchange agreement itself. Okay. So this is the contract between you and the fund and this outlines the background, kind of outlines the transactions, how we got to where we got.

And then if you continue down, Section 2 lays out what you got. And, again, you're getting a new note in exchange for your old note, no new money, no money coming in, no money going out. It's an exchange, one for the other.

Article 3 has some reps and warranties that we're relying on. You know, basically, that you're holding it for your own investment, you're not reselling it or anything like that.

And that's really the body of the exchange agreement itself. We'll get down to the famous signature page, if you want to keep scrolling.

So that's the signature page. And, again, that's the stand alone document, that's the one pager that's attached. It's base—it's the same thing as here.

(Emphasis added). Pauciulo's explanation about the Exchange Notes Offering Documents was intended to mislead Plaintiffs and the Class, as he skipped the key section of the Exchange Offering documents that contains broad releases of claims as to many of the Defendants named herein, including Vagnozzi and each of the ABFP entities, as well as a waiver of the right to a jury trial and a waiver of the right to bring claims as a Class Action.

249. The Exchange Offering materials and Private Placement Memoranda include a risk section that purports to disclose 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."

250. While ABFP disclosed lawsuits small businesses *might* file, Defendants failed to disclose 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. 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 Funding's regulatory history, and Par Funding's management, and that this litigation was continuing at the time of the Exchange Offering.

251. Based on representations by Par Funding and Defendant Pauciulo that Par Funding would otherwise default on payments altogether or enter bankruptcy, and based on Defendant Pauciulo's recommendation, as a lawyer, that they accept the offering, ABFP investors believed that they had no choice and many opted to accept the Exchange Offering with new investments that offered less interest and thus a lower rate of return.

252. Defendants relentlessly pursued investors who did not sign and return the agreements for the Exchange Note offerings, which included a campaign of harassing phone calls. For instance, on May 7, 2020, Plaintiff Hawrylak received the following voice message from an ABFP employee Shannon Westhead, in which she attempted to strong -arm into signing the Exchange Notes offering papers:

> Hi Robert, this is Shannon. I just got your voicemail from the office. Please give me a call when you get this message 609-440-6484. You are missing the point! Umm, you have two options: "a" when your maturity [*sic*] is supposed to mature you can sue the fund for thousands of dollars and hope that you can regain some of your money, or you can take the deal for 4 percent, or you can lose your money. So, those are the options. And if you need me to explain them again, signing the paperwork protects you from losing your money. I want to help you do that. Please give me a call, 609-.

253. Defendants' dissemination of materially false and misleading information had the desired effect—many of the investors accepted an Exchange Note offering that replaced the ABFP merchant cash investments.

254. Par Funding began paying investors pursuant to the restructured agreements on or about June 1, 2020. Although Vagnozzi and the MCA Funds have not disclosed the sources of funds to make the interest payments for the Exchange Notes, given Par Funding's insolvency and extremely limited cash flow, it is difficult to imagine that the funds used to make such payments would have come from revenue generated by Par Funding's merchant cash advance loans. The actual purpose of making the interest payments, which Defendants knew would not continue, was to create a legal fiction that the restructure note agreements were supported by valuable consideration in an attempt to bar ABFP investors from bringing lawsuits to recover their principal.

255. As for Vagnozzi, three days after the SEC 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 was expanding his business claiming: "My staff and I feel that the results of this [SEC] investigation are the absolute best reason someone should invest with us…." Vagnozzi added, "[The SEC] [a]lso determined that all investments offered by ABFP were carried out in a manner consistent with the information provided to investors." Finally, Vagnozzi asserted: "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."

256. Each of Vagnozzi's statements was materially false and misleading when made for numerous reasons, including that the SEC Order makes no such findings. Rather, Vagnozzi

mischaracterized the SEC Order to investors as a selling point for investing with him and ABFP, and in the same email message announced that he is forming a new public company that he will soon advertise.

257. Vagnozzi and ABFP also issued a press release about the SEC 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." This was also untrue.

258. To the contrary, on July 24, 2020, the SEC commenced an enforcement action against Par Funding, ABFP, ABFP Management, the ABFP Funds, LaForte, McElhone, Vagnozzi and others for numerous violations of the federal securities laws and seeking temporary and permanent injunctions of Defendants' business operations, freezing their assets, and appointing a receiver.

259. On July 28, 2020, the Southern District of Florida entered an order granting the SEC's Emergency Ex Parte Motion for a temporary restraining order, freezing Defendants' assets, and appointing a receiver.[53] However, even this emergency injunction failed to stop Defendant Vagnozzi's chicanery.

260. In his sworn accounting to the SEC and the court, Mr. Vagnozzi identified an ABFP bank account at Victory Bank as having $7,800.[54] After his submission of this sworn accounting, the SEC learned from Victory Bank that on July 28, 2020 – after the entry of the Receivership Order and TRO – Mr. Vagnozzi transferred $60,000 from the ABFP bank account at Victory Bank to his personal bank account. He did not disclose his receipt of this post-Order transfer in his sworn accounting.[55]

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[53] *See SEC v. CBSG, et al*, No. 9:20-cv-81205-RAR at Dkt. # 42 (S.D. Fla. July 28, 2020).
[54] *See SEC v. CBSG, et al*, No. 9:20-cv-81205-RAR, at Dkt. # 227 (S.D. Fla. Sept. 2, 2020).
[55] *Id*.

261. Mr. Vagnozzi held another account he failed to disclose altogether in his sworn accounting – MK Corporate Debt. This bank account was created to hold Par Funding money transferred to Mr. Vagnozzi's MK Corporate Debt in June 2020. Specifically, from June 15, 2020 through June 19, 2020, Par Funding transferred $4 million to Mr. Vagnozzi's MK Corporate Debt bank account. Contrary to Mr. Vagnozzi's representations to investors during the April 2020 Exchange Offering that they had to accept a new promissory note offering 4% interest or faced getting nothing, Mr. Vagnozzi and Par Funding actually set up MK Corporate Debt bank account as a means to return the principal investment amounts to investors who rejected the Exchange Note Offering. Thus, investors who rejected the Exchange Note Offering were made whole. This was contrary to what Mr. Vagnozzi told investors during the Exchange Offering, and he used the MK Corporate Debt account to make these repayments of investor principal.[56]

262. On July 28, 2020, Mr. Vagnozzi transferred the balance in the MK Corporate Debt bank account to his personal bank account – to the tune of more than half a million dollars. He did not disclose this transfer or even the existence of the MK Corporate Debt bank account in his sworn accounting. Instead, it was identified on a list of ABFP funds, and the SEC and Receiver discovered the settlements and transfer to Mr. Vagnozzi, and then confronted him with it through his counsel.[57]

263. In early August 2020, Defendants defaulted on the Exchange Notes and breached the Exchange Note Subscription Agreements, as they failed to make the required monthly payment for August 2020.

[56] *Id.*
[57] *Id.*

264. On or about August 11, 2020, Joseph LaForte was arrested after revealing to undercover FBI agents that he intended "to flee the country in his private plane and hide millions in untouchable offshore accounts," according to news reports.[58] "FBI agents arrested him Friday at his Lower Merion home after finding four handguns, two shotguns, and a rifle that he was barred as a felon from owning."[59] In addition to these weapons, during raids of "three multimillion properties LaForte owned in Pennsylvania and Florida … agents seized LaForte's private plane, $2.5 million in cash hidden in bundles, and a $10 million bank account controlled by him and his wife, prosecutors said."

265. Shortly after LaForte's arrest, Judge Rodolfo A. Ruiz II of the Southern District of Florida issued an order that expanded the authority of the Receiver and he fired all employees and management of Par Fund and ABFP, stating that all "trustees, directors, officers, managers, employees, investment advisers, accountants, attorneys, and other agents" of the companies "are hereby dismissed."[60] Judge Ruiz entered this order due to the "difficulties the receiver has encountered to obtain information he needs to adequately preserve the receivership entities' assets and protect investor funds, the Court finds it necessary to expand the scope of the receivership…."[61] Specifically, the Receiver, Ryan Stumphauzer, told Judge Ruiz that "LaForte and McElhone had declined to meet with his staff and refused to answer questions, and that the many lawyers who have helped Par manage its business had been told not to cooperate with the

[58] Jeremy Roebuck, "Guns, cash, a private plane: Feds reveal more on probe of Philly financier at center of alleged $500M fraud," The Philadelphia Inquirer (Aug. 11, 2020).
[59] *Id.*
[60] Joseph DiStefano, "Federal judge fires the leaders and employees of firms at heart of alleged multimillion-dollar fraud," The Philadelphia Inquirer (Aug. 14, 2020).
[61] *Id.*

receiver, citing attorney-client privilege. The new order instructs attorneys who have worked for the companies, among others, to cooperate with the receiver."[62]

266. Despite locking the doors to all Par Funding and ABFP offices and firing all of their employees, "employees of Par Funding … remotely downloaded more than 100,000 company records in recent days and altered some, officials allege."[63] In response, the Receiver obtained an emergency injunction to block electronic access to Par Funding's books and records and to block Par Funding staff from disclosing, destroying or downloading any Par Funding documents.[64]

267. On August 21, 2020, Judge Ruiz held a hearing on the SEC's motion for a preliminary injunction, during which the SEC presented evidence that "Par Funding had suppressed an auditor's report showing that the operation was losing money."[65] In particular, the 2017 auditor's report showed that the company had a net loss of nearly $7 million, which was "driven by the fact that Par Funding had siphoned off $33 million in 'consulting fees' to themselves. The firm 'has not recorded an audit since then….'"[66] The SEC also presented evidence that Vagnozzi was the top salesperson for Par Funding, and that he "also was part of a group that led investors to believe that their money was protected by insurance coverage when they had none…."[67]

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[62] *Id.*
[63] Joseph DiStefano, "Federal judge orders Par Funding to stay out of seized accounts after its staff accessed 100,000 records," The Philadelphia Inquirer (Aug. 17, 2020).
[64] *Id.*
[65] Joseph DiStefano, "Par Funding says federal regulators pose the real threat to investors. The SEC rejects that.," The Philadelphia Inquirer (Aug. 21, 2020).
[66] *Id.*
[67] *Id.*

CLASS ALLEGATIONS

268. Plaintiffs bring this action as a class action pursuant to Federal Rule of Civil Procedure 23(a) and (b)(3) on behalf of the following Classes:

a. **The MCA Class:** consists of all persons who purchased ABFP Merchant Cash Advance Investments from Spartan Income Fund, LLC, Pisces Income Fund LLC, Capricorn Income Fund I, LLC, Merchant Services Income Fund, LLC, and any Non-Receivership Agent Funds affiliated with and/or related to Par Funding or Dean Vagnozzi during the Class Period and who were damaged thereby.

b. **The Life Settlement Class:** consists of all persons who purchased ABFP life settlement fund investments from any ABFP entity or affiliate, including but not limited to 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., and Coventry First LLC, and who were damaged thereby.

c. **The Litigation Funding Class:** consisting of all persons or entities who purchased litigation funding investments from any ABFP entity, including but not limited to Atrium Legal Capital, LLC, Atrium Legal Capital 2, LLC, Atrium Legal Capital 3, LLC, Atrium Legal Capital 4, LLC; during the Class Period and who were damaged thereby.

d. **The Real Estate Class:** consisting of all persons or entities who purchased litigation funding investments from any ABFP entity, including but not limited to Woodland Falls Investment Fund, LLC, and who were damaged thereby.

e. **The Alternative Asset Class:** consisting of all persons or entities who purchased litigation funding investments from any ABFP entity, including but not limited

to Fallcatcher, Inc. and Promed Investment Co., L.P., during the Class Period and who were damaged thereby.

269. Excluded from the Classes are Defendants, the current and former officers and directors of the limited liability company Defendants, members of their immediate families and their legal representatives, heirs, successors or assigns and any entity in which Defendants have or had a controlling interest.

270. The members of each of the Classes are so numerous that joinder of all members is impracticable. Throughout the Class Period, ABFP Merchant Cash Advance Investments, life settlement investments, litigation funding investments were sold by Defendants to hundreds, if not thousands, of individual investors. While the exact number of members of the Classes is unknown to Plaintiffs at this time and can only be ascertained through appropriate discovery. Plaintiffs believe that there are at least hundreds of members in each of the proposed Classes. Members of the Classes may be identified from records maintained by Defendants and may be notified of the pendency of this action by mail, using a form of notice customarily used in securities class actions.

271. Plaintiffs' claims are typical of the claims of the members of the Classes, as all members of the Classes are similarly affected by the Defendants' wrongful conduct in violation of laws that is complained of herein.

272. Plaintiffs will fairly and adequately protect the interests of the members of the Classes and have retained counsel competent and experienced in class litigation.

273. Common questions of law and fact exist as to all members of the Classes and predominate over any questions solely affecting individual members of the Class. Among the questions of law and fact common to the Class are:

a. whether Defendants' acts violated RICO as alleged herein;

b. whether the misstatements and omissions alleged herein were material to ABFP merchant cash advance investors;

c. whether the misstatements and omissions alleged herein were material to ABFP life settlement fund investors;

d. whether the misstatements and omissions alleged herein were material to ABFP litigation funding investors;

e. whether the misstatements and omissions alleged herein were material to ABFP real estate investors;

f. whether the misstatements and omissions alleged herein were material to ABFP alternative asset investors;

g. whether statements made by the Defendants to investors in ABFP Merchant Cash Advance Investments, life settlement fund investments, litigation funding investments, real estate investments, and alternative asset investments during the Class Period misrepresented and/or omitted material facts about the risks, prospects, and potential rates of returns of such ABFP investments; and

h. to what extent the members of the Classes have sustained damages and the proper measure of damages.

274. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the damages suffered by individual member of the Classes may be relatively modest, the expense and burden of individual litigation make it impossible for members of the Classes to redress individually the wrongs done to them. There will be no difficulty in the management of this action as a class action.

CLAIMS FOR RELIEF

COUNT I

VIOLATION OF 18 U.S.C. § 1962(C) AS TO ALL DEFENDANTS

275. Plaintiffs reallege and incorporate the allegations set forth herein as if fully stated herein.

A. Culpable Persons

276. Defendant Vagnozzi is a "person" within the meaning of 18 U.S.C. § 1962(c) as the term is defined by 18 U.S.C. § 1961(3).

277. Defendant ABFP is a limited liability company capable of holding a legal interest in property and are thus "persons" within the meaning of 18 U.S.C. § 1962(c) as the term is defined by 18 U.S.C. § 1961(3).

278. Defendant Pauciulo, is a "person" within the meaning of 18 U.S.C. § 1962(c) as the term is defined by 18 U.S.C. § 1961(3).

279. Defendant Eckert Seamans, is a limited liability company capable of holding a legal interest in property and are thus "persons" within the meaning of 18 U.S.C. § 1962(c) as the term is defined by 18 U.S.C. § 1961(3).

280. Defendant ABFP Management Company, LLC, is a limited liability company capable of holding a legal interest in property and are thus "persons" within the meaning of 18 U.S.C. § 1962(c) as the term is defined by 18 U.S.C. § 1961(3).

281. Defendants ABetterFinancialPlan.com d/b/a A Better Financial Plan; Spartan Income Fund, LLC; Pisces Income Fund LLC; Capricorn Income Fund I, 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(collectively, "Entity Defendants") are Delaware limited liability companies capable of holding a legal interest in property and are thus "persons" within the meaning of 18 U.S.C. § 1962(c) as the term is defined by 18 U.S.C. § 1961(3).

B. The Association-in-Fact Enterprise

282. Defendants Dean Vagnozzi, ABFP, Pauciulo, Eckert Seamans, ABFP Management Company, LLC; Albert Vagnozzi; Alec Vagnozzi; Anita Vagnozzi; Shannon Westhead; Jason Zwiebel; Andrew Zuch; Michael Tierney; Paul Terence Kohler; John Myura; John W. Pauciulo; Eckert Seamans Cherin & Mellott, LLC; and the Entity Defendants are separate individuals or entities associated with each other by shared personal and/or one or more contracts or agreements for the purpose of originating, underwriting, marketing, selling and servicing ABFP Merchant Cash Advance Investments to Plaintiffs the Class, who reside in Pennsylvania, New Jersey, Michigan, and numerous other states.

283. This association of the Defendants Vagnozzi, ABFP, Pauciulo, Eckert Seamans, ABFP Management Company, LLC and the Entity Defendants constitute a single association-in-fact enterprise (the "ABFP Enterprise") within the meaning of 18 U.S.C. §1962(c), as the term is defined in 18 U.S.C. §1961(4).

284. The ABFP Enterprise has an existence separate and apart from the illegal activity alleged herein.

C. Each Defendants' Distinct Roles in the Enterprise.

285. Each of the Defendants has a distinct role in the ABFP Enterprise.

286. Defendant Vagnozzi is the ringleader of the ABFP Enterprise and acts as the primary marketer and salesperson of the ABFP Merchant Cash Advance Investments, and he recruited Defendants Pauciulo and Eckert Seamans to assist in the fraudulent scheme perpetrated by the ABFP Enterprise. Through the sale of ABFP merchant cash investments, Vagnozzi obtains the funds needed for his role as an agent for Par Funding, from whom Vagnozzi receives substantial compensation for providing substantial capital that is used to by Par Funding to extend merchant cash advances to merchants who cannot obtain conventional bank financing.

287. Defendants Pauciulo and Eckert Seamans have facilitated the ABFP Enterprise's fraudulent scheme by providing a wide range of legal services to the ABFP Enterprise, which allowed Defendant Vagnozzi to represent in radio advertisements and other media that ABFP's alternative asset investments "were put together with the help of one of Philadelphia's largest law firms."

288. Defendants Pauciulo's and Eckert Seamans' role in the ABFP Enterprise has included reviewing and approving advertising copy, drafting Private Placement Memoranda and Subscription Agreements for the ABFP investment offerings, and preparing and filing business organization documents for the numerous ABFP Enterprise's shell limited liability companies, including, but not limited to, the ABFP Management Company, LLC and the Entity Defendants.

D. Engagement in Interstate Commerce

289. The ABFP Enterprise is engaged in interstate commerce and uses instrumentalities of interstate commerce in its daily business activities.

290. Specifically, the Vagnozzi and ABFP maintain offices in Pennsylvania and New Jersey, and use personnel in these offices to originate, underwrite, fund, market, sell, and service ABFP Merchant Cash Advance Investments. Such ABFP Merchant Cash Advance Investments

are marketed and sold to individual investors in the Pennsylvania, New Jersey and other states via the extensive use of interstate emails, telephone calls, wire transfers and bank withdrawals processed electronically.

291. Communications between Defendants and Plaintiffs and the Class were conducted through by AM radio broadcasts, interstate email, telephone calls, wire transfers or other interstate wire communications. Specifically, Defendants used AM radio broadcasts, interstate emails and telephone calls to originate, underwrite, market and sell the ABFP Merchant Cash Advance Investments, fund the ABFP Merchant Cash Advance Investments, and collect the funds payable from merchants who entered into Merchant Cash Advance Agreements, and Collect on notes payments from Par Funding, via electronic interstate transfers processed through an automated clearing house.

E. Conducting Affairs through a Pattern of Racketeering.

292. Defendants conducted the affairs of the ABFP Enterprise or participated in the affairs of the ABFP Enterprise, directly or indirectly, though a pattern of racketeering activity (wire fraud, mail fraud and financial institution fraud) in violation of 18 U.S.C. § 1962(b) and (c).

293. At all relevant times, Defendants devised and carried out a scheme to conduct the affairs of the ABFP Enterprise to intentionally defraud investors in Pennsylvania and throughout the United States, including the Plaintiffs and the Class, to enter into Subscription Agreements and make payments for the purchase of ABFP merchant cash investments for which Defendants received upfront commissions and fees, and then entrusted the remaining funds (*i.e.*, Plaintiffs' and the Class' principal investment) to Par Funding. In turn, Par Funding made cash advances cash to hundreds if not thousands of small businesses that lacked any creditworthiness and would have been unable to obtain any form of conventional bank funding. Par Funding made such cash

advances without obtaining any documentation from such merchants concerning their ability to repay such cash advances. Par Funding engaged in these practices for the purpose of trapping such merchants in a repetitive cycle of taking out new cash advances to repay the prior advances when they came due.

294. As alleged herein, Defendant Vagnozzi and ABFP promote the sale of ABFP Merchant Cash Advance Investments through AM radio advertising, which direct potential investors to contact ABFP using a toll-free telephone number, as well as communications through the internet, email, U.S. mail and other interstate delivery services, and wire transfers, and therefore, it was reasonably foreseeable that interstate emails, telephone calls, and wire transfers would be used in furtherance of the scheme, and, in fact, intestate emails, telephone calls and wire transfers are used in furtherance of the scheme.

295. Specifically, the ABFP Enterprise directed, approved or ratified ABFP's use of AM radio advertising, the internet, interstate email, telephone calls, and other communications to intentionally defraud investors in Pennsylvania, New Jersey and other states, including Plaintiffs and the Class, to enter into Subscription Agreements for the purchase of ABFP Merchant Cash Advance Investments that were extraordinarily risky and were highly vulnerable to market forces, including recession, and the stock market.

296. As part of this scheme, by the use of AM radio, interstate emails and telephone calls, the ABFP Enterprise targets and solicits unsophisticated individual investors to participate in private placement offerings of ABFP investments. Defendants' use of AM radio commercials, interstate emails and telephone calls intentionally create the false impression that the ABFP Merchant Cash Advance Investments are safe, low-risk investments in fixed income debt instruments by:

(i) misrepresenting the creditworthiness of the merchants who enter into merchant cash advance agreements with Par Financial, and hence, the risk that such merchants will default on their cash advances;

(ii) representing that the ABFP Merchant Cash Advance Investments are safe and stable investments because Vagnozzi and ABFP "worked with one of Philadelphia's largest law firms to put together [the] investment," when, in fact, Defendants Pauciulo and Eckert Seamans were intimately involved in every aspect of the ABFP Enterprise's fraudulent scheme;

(iii) falsely promising that the ABFP Merchant Cash Advance Investments would pay Plaintiffs and the Class "a 10 percent return with an interest check sent to you monthly and 100 percent of your principal will be returned to you after just one year;"

(iv) falsely representing that ABFP Merchant Cash Advance Investments are "fully insured" by "one of the largest insurance companies in the world," when in fact, Plaintiffs' and the Class' investments were, at all times, entirely at risk; and

(v) deceptively advising Plaintiffs and the Class, who were unrepresented by counsel, that legal action would be futile and that the only means of recovering their investments in ABFP Merchant Cash Advance Loans was to agree to enter into a restructuring agreement with Par Funding, an illiquid entity, despite that Defendants Pauciulo and Eckert Seamans were deeply conflicted that

297. Upon the sale of a ABFP Merchant Cash Advance Investment to an investor, the ABFP Enterprise furthers the scheme by using interstate wires to fund the merchant cash advances and electronic interstate bank withdrawals to repay the amounts owed under the Merchant Cash

Advance Agreements to Par Funding. The Merchant Cash Advance Agreements, in turn, were transferred from Par Funding to ABFP pursuant to separate promissory notes and ultimately distributed to investors, all via interest wires and electronic bank withdraws. This conduct continued until March 2020, when the merchants defaulted on their notes and triggered a collapsed of the ABFP merchant cash investments and the previously undisclosed risks of the ABFP Merchant Cash Advance Investments were realized, leaving ABFP investors without monthly interest payments and the prospect of a complete loss of their principal investment.

298. The ABFP Enterprise again used interstate e-mails, video transmitted over the internet and telephone calls to fraudulently induce ABFP merchant cash investors to enter into one or more restructuring agreements with Par Funding, which they knew was then illiquid and likely to seek bankruptcy protection. In a misguided bid to avoid being sued by ABFP investors, Defendant Vagnozzi caused Defendants Pauciulo and Eckert Seamans to provided false and misleading legal advice (despite obvious conflicts of interest) to Plaintiffs and the Class, who were not represented by legal counsel, about their rights with respect to the ABFP merchant cash investments and prospects of obtaining a monetary recovery from Defendants through litigation.

299. Upon information and belief, Plaintiffs and the Class relied upon Defendants' false and misleading statements and material omissions concerning the ABFP Merchant Cash Investments in making their decisions to purchase such investments.

300. Defendants' conduct constitutes "fraud by wire" within the meaning of 18 U.S.C. § 1343 and "fraud by mail" and "investment fraud," which are "racketeering activit[ies]" as defined by 18 U.S.C. 1961(1). Its repeated and continuous use of such conduct to participate in the affairs of the ABFP Enterprise constitutions a pattern of racketeering activity in violation of 18 U.S.C. § 1962(c).

F. Injury

301. As a direct and proximate cause of Defendants' violation of 18 U.S.C. § 1962(c), Plaintiffs and the Class suffered, and continue to suffer, substantial losses of their savings and investments and/or property as Plaintiffs and the Class are no longer receiving monthly interest payments (or greatly diminished payments) and cannot and likely will not receive the repayment of their principal as promised by the ABFP Enterprise, and they will continue to suffer such financial and economic injury for the foreseeable future.

COUNT II

NEGLIGENT MISREPRESENTATION AS TO ALL DEFENDANTS

302. Plaintiffs repeat and re-allege each of the allegations set forth herein as if fully stated herein.

303. For purposes of this count only, in the alternative, Plaintiffs specifically disclaim any allegations of fraud, and allege only negligence.

304. As set forth herein, each of the Defendants had a duty, as a result of a special relationship, *i.e.*, the offering of securities to investors across the country in the form of subscription agreements for unregistered securities, to give accurate information.

305. Defendant Vagnozzi is the owner and a control person of ABFP, ABFP Management Company, LLC; and the Entity Defendants, and in that capacity, orchestrated the offerings and sales of unregistered securities by through these entities, to Plaintiffs and the Class. As such, Vagnozzi owed Plaintiffs a duty of candor.

306. Each of the Entity Defendants was an issuer that offered and sold unregistered securities to investors including Plaintiffs. As such, each of these Defendants owed Plaintiffs and the Class a duty of candor.

307. Defendants Pauciulo and Eckert Seamans, legal counsel to Defendants Vagnozzi, ABFP, ABFP Management, because of their key role in structuring the ABFP Merchant Cash Advance Investments, which included preparing the offering materials distributed to investors, and overseeing the distribution of such offering materials to investors, served as de facto underwriters of each of the merchant cash advance investments, and orchestrated and facilitated each of these unregistered securities offerings. Moreover, Defendants Pauciulo and Eckert Seamans exercised control and oversight of the information that was disseminated to Plaintiffs and the Class concerning their investments. As such, each of these Defendants owed Plaintiffs and the Class a duty of candor.

308. Because of their positions with ABFP and its affiliates, Defendants had access to material non-public information concerning ABFP and Par Funding, and they knew the adverse facts specified herein.

309. Defendants Pauciulo and Eckert Seamans, because of their positions as legal counsel to Vagnozzi, ABFP, ABFP Management, and their role as the de facto underwriter of each of the Merchant Cash Advance Investments offerings, possessed unique and specialized expertise and information concerning ABFP, including unfettered access to the material non-public information specified herein. Such information was available to Plaintiffs only when Defendants chose to reveal it.

310. Defendants occupied a special position of confidence and trust such that Plaintiffs' reliance on their statements in the ABFP Merchant Cash Advance Investments, including Private Placement Memoranda, Subscription Agreements, periodic reports, and other materials provided to investors was reasonable. Put another way, Defendants had a duty to speak truthfully and with care in these circumstances, where the relationship is such that in morals and good conscience,

Plaintiffs had the right to rely on Defendants for accurate and correct information and their reliance was reasonable.

311. As alleged herein, Defendants made multiple false and misleading representations and omissions of material fact that they should have known were incorrect. Defendants' false and misleading statements.

312. Defendants knew that Plaintiffs desired the information supplied in the representations for a serious purpose, *i.e.*, to decide whether to invest in the in the ABFP Merchant Cash Advance Investments offerings.

313. All investors in the ABFP Merchant Cash Advance Investments offerings received a Private Placement Memoranda and Subscription Agreements that were substantially similar in all material respects. Each investor in an ABFP Merchant Cash Advance Investments offering was required to represent, and did in fact represent, that he or she "has received, read and fully understands the [Private Placement] Memorandum. Investor further acknowledges that Investor is basing Investor's decision to invest in the LP Interests solely on the [Private Placement] Memorandum and Investor has relied only on the information contained therein and has not relied upon any representations made by any other person."

314. Plaintiffs' specific reliance on Defendants' misrepresentations and omissions, as reflected in the Private Placement Memoranda and Subscription Agreements required in order to invest in a ABFP Merchant Cash Advance Investments offerings, was justifiable in that Defendants were issuers of securities under strict legal obligations to be truthful in their statements made to induce investors to rely on such statements and invest in the ABFP funds.

315. Because of the Defendants' exclusive control over information relating to the operations, financial condition and controlling persons of the ABFP funds, Plaintiffs were required

to rely, and certify their reliance, only on the offering documents and information provided by Defendants. Plaintiffs would have been unable to discover the truth, regardless of any level of due diligence or independent research they might have conducted. There were no independent means of verification available to Plaintiffs and the Class of the true facts regarding the operations, financial condition and controlling persons of the ABFP funds.

316. Plaintiffs intended to rely and act upon the information provided by Defendants. Plaintiffs reasonably relied on Defendants' misrepresentations and omissions to their detriment; namely, they decided to invest in the ABFP funds, and as a result of their reliance, suffered damages.

COUNT III

BREACH OF FIDUCIARY DUTY AS TO DEFENDANTS VAGNOZZI, and ABFP

317. Plaintiffs re-allege and incorporate the allegations set forth herein as if fully stated herein.

318. Defendant Vagnozzi and his corporate alter egos, ABFP and ABFP Management, were, at all relevant times, control persons, managers, general managers, and majority owners of the ABFP Entity Defendants and owed a fiduciary duty to Plaintiffs and the Class.

319. Plaintiffs and the Class were fully dependent upon Defendants Vagnozzi's ABFP's, and ABFP Management's, ability, skill, knowledge, and goodwill to invest their money appropriately and thereafter diligently oversee and manage that money and certified by signing the Subscription Agreements that they recognized these Defendants as their fiduciaries.

320. Moreover, by virtue of their superior skill and knowledge, their discretion on how to invest the investors' money, their exclusive oversight over the investors' money, the fact that they had been entrusted by Plaintiffs and the Class with their money, Defendants Vagnozzi ABFP, and ABFP Management were the investors' fiduciaries.

321. Defendants Vagnozzi ABFP, and ABFP Management breached their fiduciary duties to Plaintiffs and the Class by failing to truthfully, accurately, and completely disclose: (i) the nature of their investment in ABFP funds, (ii) failing to disclose the true risks of investing in ABFP funds, as set forth at length above, (iii) failing to truthfully disclose the alternatives to accepting the Exchange Notes offerings, including pursuing litigation, (iv) failing to disclose the prospects of recouping their principal by agreeing to accept the Exchange Notes offering, (v) failing to properly oversee, manage safeguard the Plaintiffs' and the Class's money and diligently invest it, and (v) failing to disclose to investors that distributions were not paid from partnership operations, but instead from other investors' funds.

322. As a direct and proximate consequence of Defendants Vagnozzi's ABFP's, and ABFP Management's, conduct as described in the foregoing and throughout this Complaint, Plaintiffs and the Class have lost a significant portion of the money they invested in the ABFP funds. As a result of Defendants Vagnozzi's ABFP's, and ABFP Management's breaches of fiduciary duty, Plaintiffs and the Class have suffered damages in an amount to be determined at trial.

COUNT IV

CIVIL CONSPIRACY AGAINST ALL DEFENDANTS

323. Plaintiff re-alleges and incorporates the allegations set forth in Paragraphs 1-64 as if fully stated herein.

324. Defendants combined to accomplish an unlawful purpose and/or to accomplish a lawful purpose by unlawful means. Defendants acted maliciously, without legal justification, and with the intent of injuring Plaintiffs. As such, Defendants have engaged in a civil conspiracy. In the course of their civil conspiracy, Defendants committed one or more unlawful, overt acts. Such

unlawful, overt acts include Defendants' conduct described above. Such actions by Defendants subject such Defendants to joint and several liability.

COUNT V

COMMON LAW FRAUD AND FRAUDULENT INDUCEMENT

325. Plaintiff re-alleges and incorporates the allegations set forth herein as if fully stated herein.

326. Plaintiffs and the Class were defrauded by Defendants, as that cause of action is delineated by the common law in the State of Delaware.

327. Plaintiffs were the recipients of multiple misrepresentations and omissions of material fact, as set forth herein.

328. Defendants knew that their statements to Plaintiffs and the Class were materially false when made. Defendants concealed from investors the truth about Par Funding's business and its affiliates, including that Par Funding:

- has not implemented a meaningful underwriting process of the merchant cash advance loans to determine the borrowers' ability to repay the loans;
- often approves loans in less than 48 hours, without conducting an on-site inspection of the business;
- funds loans without obtaining information showing the business' profit margins, debt schedules, accounts receivable, or expenses;
- has a 1% - 2% default rate, as Vagnozzi and his associates falsely claim to prospective investors, thereby concealing Par Funding's true loan default rate of up to 10% from prospective investors;
- had filed more than 800 lawsuits against small businesses for defaulted Loans by August 2019 for more than $100 million;

- had filed more than 1,000 lawsuits by November 2019 seeking over $145 million in missed payments;
- had filed more than 1,200 lawsuits by January 2020, seeking $150 million in delinquent payments;
- provided insurance to borrowers to cover defaults, when in fact Par Funding did not offer small businesses insurance on their loans;
- was founded by LaForte, a twice-convicted felon who, prior to founding Par Funding, was imprisoned for grand larceny and money laundering and ordered to pay $14.1 million in restitution; and
- has a history of regulatory violations and fines, including: (a) the November 2018penalty of $499,000 from Pennsylvania Securities Regulators ; (b) the December 2018 Cease-and-Desist Order from the New Jersey Bureau of Securities against Par Funding based on its offer and sale of unregistered securities ; and (c) the February 2020 Emergency Cease-and-Desist Order issued by the Texas State Securities Board against Par Funding and others, alleging fraud and registration violations in connection with its securities offering through an Agent Fund in Texas.

329. Additionally, Defendants misrepresented and concealed Vagnozzi's elaborate history of regulatory violations and penalties, including:

- the May 2019 Pennsylvania Securities regulatory Order that required him to pay a $490,000 fine for the sale of Par Funding investments in violation of state law;
- the claim filed in February 2020 by the Texas Securities Regulators against ABFP for fraud in connection with the Par Funding offering, which remains pending;

- the July 14, 2020 Consent Order filed by the SEC against Vagnozzi and ABFPfor various federal securities laws violations; and
- the SEC Action seeking temporary and permanent injunctions of ABFP and Vagnozzi's operations, appointment of a receiver, and freezing assets.

330. Based on their positions as control persons, officers, directors, managers, majority owners, attorneys, and/or underwriters - each of whom offered and sold unregistered securities in the form of promissory notes and partnership units to investors including Plaintiffs and the Class - Defendants were uniquely knowledgeable on the true practices and procedures of Par Funding, LaForte, Vagnozzi, ABFP, ABFP Management, and the ABFP Entity Defendants, as well as the risks inherent in investing in unregistered securities issued by the ABFP Entity Defendants, as described at length herein.

331. Armed with such knowledge, Defendants had a full understanding of the truth, yet they disseminated material falsehoods to create a misleading and false picture of investing in unregistered securities issued by the ABFP Entity Defendants with the intention to induce Plaintiffs and the Class to rely on such statements and invest in the ABFP funds.

332. In addition, as alleged herein, a fiduciary relationship exists between Defendants Vagnozzi, ABFP, ABFP Management, Pauciulo, and Eckert Seamans and Plaintiffs and the Class. Based on such special, fiduciary relationship, Defendants Vagnozzi, ABFP, ABFP Management, Pauciulo, and Eckert Seamans also defrauded Plaintiffs and the Class by omitting the material information alleged herein which was necessary to make their statements not misleading.

333. Defendants made those materially false statements and omissions for the purpose of inducing Plaintiffs to rely on such statements and invest in the ABFP funds. Plaintiffs and the Class did in fact rely on such representations by Defendants. Plaintiffs and the Class would not

have otherwise agreed to invest in the ABFP funds had they been aware of Defendants' materially false statements and omissions, alleged herein.

334. Defendants also made the materially false statements and omissions alleged herein for the purpose of inducing Plaintiffs and the Class to accept the Exchange Note offerings, which include broad releases of claims and waivers of the right to bring a class action, and did in fact induce Plaintiffs and the Class to rely on such materially false statements and omissions in accepting the Exchange Note offerings.

335. The Private Placement Memorandum and Subscription Agreement that each ABFP investor received were substantially similar in all material respects. The Subscription Agreements required each investor in an ABFP fund to represent, and did in fact represent, that he or she "has received, read and fully understands the [Private Placement] Memorandum. Investor further acknowledges that Investor is basing Investor's decision to invest in the LP Interests solely on the [Private Placement] Memorandum and Investor has relied only on the information contained therein and has not relied upon any representations made by any other person."

336. Plaintiffs' specific reliance on Defendants' misrepresentations and omissions, as reflected in the Private Placement Memorandum requirements and signed Subscription Agreements required in order to invest in a ABFP funds, was justifiable in that Defendants were issuers of securities under strict legal obligations to be truthful in their statements made to induce investors to rely on such statements and invest in the ABFP funds.

337. Because of the Defendants' exclusive control over information relating to the operations, financial condition and controlling persons of the ABFP funds, Plaintiffs were required to rely, and certify their reliance, only on the offering documents and information provided by Defendants. Plaintiffs would have been unable to discover the truth, regardless of any level of due

diligence or independent research they might have conducted. There were no independent means of verification available to Plaintiffs and the Class of the true facts regarding the operations, financial condition and controlling persons of the ABFP funds.

338. As a direct result of Defendants' false and misleading statements and omissions, their intent to induce Plaintiffs and the Class to rely on such statements and omissions and invest in the ABFP funds, and Plaintiffs' justifiable reliance thereon, Plaintiffs and the Class suffered damages in an amount to be determined at trial and punitive damages because the conduct of the Defendants alleged herein was not in good faith or in the best interests of the partnerships and constituted gross negligence, fraud and willful and wanton conduct.

COUNT VI

UNJUST ENRICHMENT AGAINST ALL DEFENDANTS

339. Plaintiffs reallege and incorporate the allegations set forth herein as if fully stated herein.

340. All Defendants were enriched at the expense of Plaintiffs and the Class in that they received benefits, commissions, fees and other monetary benefits from the invalid sale of unregistered securities in the ABFP funds to investors, used investor funds for their own personal purposes, as alleged herein, and engaged in improper related party transactions and conflicts of interests to the detriment of investors, as alleged herein.

341. It is against equity and good conscience to permit Defendants to retain such benefits, commissions, fees and personal benefits resulting from the sale of unregistered securities to investors without a valid exemption from registration. Securities may only be sold if they are registered or exempt from registration pursuant to a valid exemption from registration. Defendants sold invalid unregistered securities to investors and received money and benefits at the expense of the investors in the ABFP funds. Defendants' receipt of such benefits as a result of inducing

Plaintiffs and the Class to invest in the fraudulent and unregistered ABFP funds and subsequent use of investors' funds for personal purposes are not governed by any contract between investors and Defendants.

342. Plaintiffs and the Class were damaged by Defendants' unjust enrichment and seek disgorgement, restitution and return of the funds they invested in the invalid unregistered securities offerings and the commissions, fees and other benefits retained by the Defendants which equity and good conscience make it improper for Defendants to retain.

COUNT VII

AIDING AND ABETTING FRAUD BY ALL DEFENDANTS

343. Plaintiffs reallege and incorporate the allegations set forth herein as if fully stated herein.

344. As alleged herein, all Defendants have committed fraud with respect to the offering and management of the invalid unregistered securities offerings of the ABFP funds.

345. As alleged herein, all Defendants had knowledge of the fraud and substantially assisted in the achievement of the fraud.

346. Each Defendant, with knowledge of the fraud, aided and abetted the other Defendants in perpetrating the fraud.

347. As a direct result of each Defendant's aiding and abetting the fraud of the other Defendants, Plaintiffs and the Class suffered damages in an amount to be determined at trial and seek punitive damages.

COUNT VIII

AIDING AND ABETTING BREACH OF FIDUCIARY DUTY BY ALL DEFENDANTS

348. Plaintiffs reallege and incorporate the allegations set forth herein as if fully stated herein.

349. As alleged herein, Defendants Vagnozzi, ABFP, and ABFP Management breached their fiduciary duties to Plaintiffs and the Class.

350. By orchestrating the offering and sale of unregistered securities without a valid exemption from registration, all Defendants knowingly assisted and participated in the breaches of fiduciary duty by Defendants Vagnozzi, ABFP, and ABFP Management.

351. As a direct result of each Defendant aiding and abetting the other Defendants' breaches of fiduciary duty, Plaintiffs and the Class suffered damages in an amount to be determined at trial.

PRAYER FOR RELIEF

WHEREFORE, Plaintiffs pray for relief as follows:

a) Determining that Defendants are jointly and severally liable;

b) Ordering Defendants to repay Plaintiffs all principal, interest and fees previously paid to Defendants in connection with the ABFP Merchant Cash Investments; the ABFP life settlement funds (ABFP Multi-Strategy Funds and Pillar Life Settlement Funds 1-8), the ABFP litigation funding investments (Atrium Legal Capital funds 1-4), ABFP real estate investments (including Woodland Falls Investment Fund, LLC), and other alternative asset investments (including Fallcatcher, Inc. and Promed Investment Co., L.P.)

c) Awarding Plaintiffs direct and consequential damages, including prejudgment interest;

d) Awarding Plaintiffs treble damages;

e) Awarding Plaintiffs their attorney's fees and costs incurred in this action; and

f) Granting further relief, in law or equity, as this Court may deem appropriate and just.

DEMAND FOR JURY TRIAL

Plaintiffs demand a trial by jury for all claims that may be so tried.

Dated: November 6, 2020.

Respectfully submitted,

By: */s/ Eric Lechtzin*

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**Pro Hac Vice* Application Forthcoming

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

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Dean Vagnozzi

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ATTORNEY TO BE NOTICED

Michael J. Farnan
(See above for address)
ATTORNEY TO BE NOTICED

Defendant

ABFP Income Fund 3 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 4 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 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

Date Filed	#	Docket Text
08/05/2020	1	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: # 1 Civil Cover Sheet)(mal) (Entered: 08/05/2020)
08/05/2020	2	Notice, Consent and Referral forms re: U.S. Magistrate Judge jurisdiction. (mal) (Entered: 08/05/2020)
08/05/2020	3	Summonses Issued (please complete the top portion of the form and print out for use/service). (mal) (Entered: 08/05/2020)
08/07/2020	4	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	5	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	6	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	7	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	8	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	9	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	10	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	11	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	12	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	13	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	14	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	15	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	16	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	17	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	18	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	19	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	20	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	21	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 4 MOTION for Pro Hac Vice Appearance of Attorney Eric Lechtzin filed by Joan Caputo, Joseph Caputo, 5 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	22	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	23	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	24	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: # 1 Exhibit A, # 2 Exhibit B, # 3 Text of Proposed Order)(Farnan, Brian) (Entered: 08/27/2020)

08/27/2020	25	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	26	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	27	MOTION for Extension of Time to File Answer re 1 Complaint,, *Stipulation and Proposed Order to Extend Time to Respond to Complaint to October 8, 2020* - filed by Eckert Seamans Cherin & Mellott, LLC, John W. Pauciulo. (Cline, Joanna) (Entered: 08/28/2020)
08/28/2020		SO ORDERED, re 27 MOTION for Extension of Time to File Answer re 1 Complaint,, *Stipulation and Proposed Order to Extend Time to Respond to Complaint to October 8, 2020* 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 24 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	28	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	29	Letter to The Honorable Colm F. Connolly from Scott M. Tucker regarding Plaintiffs' Non-Opposition - re 24 Notice (Other),. (Tucker, Scott) (Entered: 09/09/2020)
09/09/2020	30	ORDER STAYING CASE. Signed by Judge Colm F. Connolly on 9/9/2020. (nmf) (Entered: 09/09/2020)
09/09/2020		SO ORDERED, re 28 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. 29 and D.I. No. 30 . (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	31	Joint STATUS REPORT by Eckert Seamans Cherin & Mellott, LLC. (Cline, Joanna) (Entered: 08/16/2021)
08/11/2022	32	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	33	STATUS REPORT by Joan Caputo, Joseph Caputo. (Attachments: # 1 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	34	Joint STATUS REPORT by Joan Caputo, Joseph Caputo. (Tucker, Scott) (Entered: 10/31/2023)

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07/03/2024 08:54:31			
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Billable Pages:	8	**Cost:**	0.80

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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Miami, FL 33131
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ATTORNEY TO BE NOTICED

Scott Lance Silver
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Jason Kenneth Kellogg
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201 S Biscayne Blvd.
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305-403-8788
Email: jk@lklsg.com
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

LAUDIE 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
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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
(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

ANTHONY CUOMO 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

MARK HERON 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

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
Damian & Valori LLP
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PRO HAC VICE
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Email: jay.dubow@troutman.com
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	1	COMPLAINT *and Demand for Jury Trial* 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: # 1 Civil Cover Sheet Civil Cover Sheet, # 2 Summon(s) Summons, # 3 Summon(s) Summons, # 4 Summon(s) Summons, # 5 Summon(s) Summons, # 6 Summon(s) Summons)(Kellogg, Jason) (Entered: 09/09/2020)
09/09/2020	2	Clerks Notice of Judge Assignment to Judge Darrin P. Gayles. 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. 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)
09/10/2020	3	Summons Issued as to Michael C Furman. (mee) (Entered: 09/10/2020)
09/10/2020	4	Summons Issued as to JOHN W PAUCIULO. (mee) (Entered: 09/10/2020)
09/10/2020	5	Summons Issued as to John Gissas. Text Modified on 9/10/2020 (mee). (Entered: 09/10/2020)
09/10/2020	6	Summons Issued as to Eckert Seamans Cherin & Mellott, LLC. (mee) (Entered: 09/10/2020)
09/10/2020	7	Summons Issued as to Dean Vagnozzi. (mee) (Entered: 09/10/2020)
09/10/2020	8	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. **Multiple Plaintiffs or Defendants shall file joint motions with co-parties unless there are clear conflicts of position.** If conflicts of position exist, parties shall explain the conflicts in their separate motions. Failure to comply with **ANY** 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	10	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	11	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: # 1 Certification, # 2 Text of Proposed Order) (Damian, Melanie) (Entered: 09/16/2020)
09/16/2020	12	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: # 1 Certification, # 2 Text of Proposed Order) (Damian, Melanie) (Entered: 09/16/2020)
09/16/2020	13	PAPERLESS ORDER granting 11 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 12 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	15	Joint MOTION to Stay *and for Administrative Order Closing Case* by Ryan K Stumphauzer. Attorney Timothy Andrew Kolaya added to party Ryan K Stumphauzer(pty:rc). Responses due by 11/16/2020 (Attachments: # 1 Exhibit 1 - Amended Order Appointing Receiver, # 2 Exhibit 2 - Proposed Order)(Kolaya, Timothy) (Entered: 11/02/2020)
11/05/2020	16	PAPERLESS ORDER granting the parties' 15 Joint Notice of Stay and Motion for Administrative Order Temporarily Closing Case. This case shall be **CLOSED** 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	18	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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Billable Pages:	8	**Cost:**	0.80

STAYED

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

Plaintiff

DENNIS MELCHIOR represented by

MARC H. EDELSON
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411 S. State Street
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Newtown, PA 18940
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ATTORNEY TO BE NOTICED

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Fax: 302-656-9053
Email: rjk@chimicles.com
ATTORNEY TO BE NOTICED

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Fax: 610-649-3633
Email: sas@chimicles.com
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ATTORNEY TO BE NOTICED

Steven A Schwartz
(See above for address)

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 GREENBERG represented by **MARC H. EDELSON**
(See above for address)
ATTORNEY TO BE NOTICED

ROBERT J. KRINER , JR.
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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

DONALD DEMPSEY represented by **MARC H. EDELSON**
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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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MARC H. EDELSON
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TIFFANY J. CRAMER
(See above for address)
TERMINATED: 08/11/2022

Plaintiff

ROBIN LYNN BOEHM
ON BEHALF OF THEMSELVES AND OTHERS SIMILARY SITUATED
represented by **ERIC LECHTZIN**
(See above for address)
ATTORNEY TO BE NOTICED

MARC H. EDELSON
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TIFFANY J. CRAMER
(See above for address)
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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TERMINATED: 10/07/2022
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Defendant

ECKERT SEAMANS CHERIN & MELLOTT, LLC represented by **JAY A. DUBOW**
(See above for address)
LEAD ATTORNEY
ATTORNEY TO BE NOTICED

JOANNA J. CLINE

(See above for address)
LEAD ATTORNEY
ATTORNEY TO BE NOTICED

ERICA HALL DRESSLER
(See above for address)
ATTORNEY TO BE NOTICED

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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TERMINATED: 01/13/2021

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	1	COMPLAINT -- *Class Action Complaint* 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: # 1 Civil Cover Sheet, # 2 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	2	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: # 1 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	3	MOTION for Pro Hac Vice *of Jeffrey C. Schneider* (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	4	MOTION for Pro Hac Vice *of Jason K. Kellogg* (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	5	MOTION for Pro Hac Vice *of Scott L. Silver* (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, 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	6	MOTION for Pro Hac Vice *of Victoria J. Wilson* (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)
11/12/2020	7	MOTION to Substitute *Document (Corrected Class Action Complaint (Dkt. #1))* 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 Exhibit A - Corrected Class Action Complaint)(LECHTZIN, ERIC) (Entered: 11/12/2020)
11/12/2020	8	ORDER GRANTING 3 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	9	ORDER GRANTING 4 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	10	ORDER GRANTING 5 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	11	ORDER GRANTING 6 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	12	ORDER GRANTING 7 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	13	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	14	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. JOHN W PAUCIULO waiver sent on 11/16/2020, answer due 1/15/2021. (LECHTZIN, ERIC) (Entered: 11/16/2020)
11/16/2020	15	MOTION for Pro Hac Vice *of Scott M. Tucker* (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 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: 11/16/2020)
11/17/2020	16	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	17	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	18	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	19	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	20	ORDER GRANTING 15 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	21	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	22	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	23	Disclosure Statement Form pursuant to FRCP 7.1 by COVENTRY FIRST LLC.(EBBY, ROBERT) (Entered: 12/14/2020)
12/14/2020	24	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	25	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	26	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	27	Disclosure Statement Form pursuant to FRCP 7.1 by ECKERT SEAMANS CHERIN & MELLOTT, LLC.(DUBOW, JAY) (Entered: 12/14/2020)
12/15/2020	28	ORDER GRANTING 24 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	29	ORDER GRANTING 25 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	30	ORDER GRANTING 26 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	31	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. SHANNON WESTHEAD waiver sent on 12/18/2020, answer due 2/16/2021. (LECHTZIN, ERIC) (Entered: 12/18/2020)
12/22/2020	32	MOTION to Dismiss filed by COVENTRY FIRST LLC.Coventry First LLC's Motion to Dismiss Class Action Complaint. (Attachments: # 1 Memorandum Coventry First LLC's Memorandum of Law in Support of Motion to Dismiss Class Action Complaint, # 2 Text of Proposed Order Proposed Order)(MOORE, RICHMOND) (Entered: 12/22/2020)
01/06/2021	33	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	34	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	35	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	36	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	37	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	38	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	39	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	40	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	41	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 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	42	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. 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	43	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	44	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	45	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 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)
01/12/2021	46	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)
01/12/2021	47	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 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)
01/12/2021	48	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 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 and Declarations. (Attachments: # 1 Text of Proposed Order, # 2 Brief Memorandum of Law in Support of Motion, # 3 Declaration of Eric Lechtzin, # 4 Declaration of Steven A. Schwartz, # 5 Declaration of Jason Kellogg, # 6 Declaration of Scott L. Silver) (SCHWARTZ, STEVEN) (Entered: 01/12/2021)

01/13/2021	49	MOTION for Pro Hac Vice *of Robert J. Kriner* (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 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	50	MOTION for Pro Hac Vice *of Tiffany J. Cramer* (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	51	NOTICE of Voluntary Dismissal by All Plaintiffs As To COVENTRY FIRST LLC(LECHTZIN, ERIC) (Entered: 01/13/2021)
01/13/2021	52	ORDER GRANTING 49 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	53	ORDER GRANTING 50 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	54	MOTION to Stay *Proceedings, Or In The Alternative*, MOTION to Dismiss *PLAINTIFFS CLASS ACTION COMPLAINT* 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	55	ORDER GRANTING 48 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	56	STIPULATION AND ORDER THAT PLAINTIFFS TIME TO RESPOND TO DEFENDANTS 54 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	57	NOTICE of Appearance by CURT M. PARKINS on behalf of SHANNON WESTHEAD (PARKINS, CURT) (Entered: 02/16/2021)
02/16/2021	58	MOTION for Extension of Time to File Response/Reply as to 1 Complaint (Attorney),,,,,,, filed by SHANNON WESTHEAD..(PARKINS, CURT) (Entered: 02/16/2021)
02/17/2021	59	ORDER GRANTING 58 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	60	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. Pauciulos Motion to Stay Proceedings, or in the Alternative, to Dismiss Plaintiffs Class Action Complaint re 54 MOTION to Stay *Proceedings, Or In The Alternative* 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 Text of Proposed Order)(LECHTZIN, ERIC) (Entered: 02/18/2021)
02/18/2021	61	ORDER GRANTING 60 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)
02/19/2021	62	RESPONSE in Opposition re 54 MOTION to Stay *Proceedings, Or In The Alternative* 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' Response in Opposition to Defendants' Motion, # 2 Exhibit A (Receivers Quarterly Report), # 3 Exhibit B (email from Receivers counsel))(LECHTZIN, ERIC) (Entered: 02/19/2021)
02/24/2021	63	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	64	NOTICE of Voluntary Dismissal by All Plaintiffs As To CHRISTA VAGNOZZI AND ALEC VAGNOZZI(LECHTZIN, ERIC) (Entered: 03/09/2021)
03/10/2021	65	REPLY to Response to Motion re 54 MOTION to Stay *Proceedings, Or In The Alternative* MOTION to Dismiss *PLAINTIFFS CLASS ACTION COMPLAINT* filed by ECKERT SEAMANS CHERIN & MELLOTT, LLC, JOHN W PAUCIULO. (DUBOW, JAY) (Entered: 03/10/2021)
03/23/2021	66	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	67	ORDER GRANTING 54 MOTION TO STAY; DENYING 54 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	68	MOTION for Reconsideration re 67 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: # 1 Memorandum of Law in Support of Motion for Reconsideration, # 2 Declaration of Eric Lechtzin in Support of Motion for Reconsideration, # 3 Exhibit A, # 4 Exhibit B, # 5 Exhibit C, # 6 Text of Proposed Order)(LECHTZIN, ERIC) (Entered: 04/21/2021)
04/28/2021	69	RESPONSE in Opposition re 68 MOTION for Reconsideration re 67 Order on Motion to Stay, Order on Motion to Dismiss filed by ECKERT SEAMANS CHERIN & MELLOTT, LLC, JOHN W PAUCIULO. (DUBOW, JAY) (Entered: 04/28/2021)
05/07/2021	70	ORDER THAT PLAINTIFFS' 68 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	71	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	72	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	73	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: # 1 Exhibit A - Death Certificate of Fred Paul Joseph Barakat)(LECHTZIN, ERIC) (Entered: 05/19/2022)
08/11/2022	74	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	75	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: # 1 Text of Proposed Order, # 2 Exhibit A)(SCHWARTZ, STEVEN) (Entered: 09/22/2022)
09/28/2022	76	ORDER GRANTING 75 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	77	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	78	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	79	NOTICE of Withdrawal of Appearance by JAY A. DUBOW on behalf of JOHN W PAUCIULO(DUBOW, JAY) (Entered: 10/07/2022)
10/07/2022	80	NOTICE of Withdrawal of Appearance by JOANNA J. CLINE on behalf of JOHN W PAUCIULO(CLINE, JOANNA) (Entered: 10/07/2022)
10/07/2022	81	NOTICE of Withdrawal of Appearance by ERICA HALL DRESSLER on behalf of JOHN W PAUCIULO(DRESSLER, ERICA) (Entered: 10/07/2022)
10/07/2022	82	NOTICE of Withdrawal of Appearance by Mia S. Marko on behalf of JOHN W PAUCIULO(Marko, Mia) (Entered: 10/07/2022)

10/07/2022	83	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	84	MOTION to Dismiss -*Renewed Motion to Dismiss Plaintiffs Class Action Complaint* filed by ECKERT SEAMANS CHERIN & MELLOTT, LLC, JOHN W PAUCIULO.Memorandum, Certificate of Service.(DUBOW, JAY) (Entered: 10/24/2022)
10/25/2022	85	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	86	ORDER THAT THE JOINT MOTION FOR BRIEFING SCHEDULE (ECF 83) 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 84) 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	87	MOTION for Leave to File Excess Pages *Plaintiffs Unopposed Motion for Leave to File a Brief Not to Exceed 28 Pages in Support of Their 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 Text of Proposed Order)(LECHTZIN, ERIC) (Entered: 11/04/2022)
11/04/2022	88	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	89	ORDER GRANTING 87 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	90	REPLY to Response to Motion re 84 MOTION to Dismiss *-Renewed Motion to Dismiss Plaintiffs Class Action Complaint* filed by ECKERT SEAMANS CHERIN & MELLOTT, LLC, JOHN W PAUCIULO. (DUBOW, JAY) (Entered: 11/17/2022)
12/14/2022	91	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	92	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	93	STATUS REPORT *PLAINTIFFS SECOND 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: 01/19/2023)
01/31/2023	94	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	95	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 *PLAINTIFFS NOTICE OF SETTLEMENT WITH DEFENDANTS JOHN W. PAUCIULO AND ECKERT SEAMANS CHERIN & MELLOTT, LLC* (LECHTZIN, ERIC) (Entered: 06/15/2023)
06/20/2023	96	ORDER THAT THE MOTION TO DISMISS PLAINTIFFS CLASS ACTION COMPLAINT (ECF 84) 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	97	STATUS REPORT *PLAINTIFFS THIRD 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: 09/26/2023)
12/07/2023	98	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	99	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	100	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)

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Attorneys for Plaintiffs

PHILADELPHIA COURT OF COMMON PLEAS
TRIAL DIVISION

Dean Parker, Davis Parker, RAZR MCA Fund LLC, et al., *Plaintiffs,* vs. John W. Pauciulo, Esquire, and Eckert Seamans Cherin & Mellott, LLC, *Defendants.*	: : : : : : : : : :	December Term, 2020 No.: 00892

NOTICE TO DEFEND

NOTICE

You have been sued in court. If you wish to defend against the claims set forth in the following pages, you must take action within twenty (20) days after this complaint and notice are served, by entering a written appearance personally or by attorney and filing in writing with the court your defenses or objections to the claims set forth against you. You are warned that if you fail to do so the case may proceed without you and a judgment may be entered against you by the court without further notice for any money claimed in the complaint or for any other claim or relief requested by the plaintiff. You may lose money or property or other rights important to you.

YOU SHOULD TAKE THIS PAPER TO YOUR LAWYER AT ONCE. IF YOU DO NOT HAVE A LAWYER OR CANNOT AFFORD ONE, GO TO OR TELEPHONE THE OFFICE SET FORTH BELOW TO FIND OUT WHERE YOU CAN GET LEGAL HELP.

PHILADELPHIA BAR ASSOCIATION
LAWYER REFERRAL AND INFORMATION SERVICE
One Reading Center
Philadelphia, Pennsylvania 19107
Telephone: 215-238-1701

AVISO

Le han demandado a usted en la corte. Si usted quiere defenderse de estas demandas expuestas en las paginas siguientes, usted tiene veinte (20) dias, de plazo al partir de la fecha de la demanda y la notification. Hace falta asentar una comparencia escrita o en persona o con un abogado y entregar a la corte en forma escrita sus defensas o sus bjeciones a las demandas en contra de su persona. Sea avisado que si usted no se defiende, la corte tomara medidas y puede continuar la demanda en contra suya sin previo aviso o notificacion. Ademas, la corte puede dcidir a favor del demandante y requiere que uste cumplacon todas las provisiones de esta demanda. Usted puede perder dinero o sus propiedades u otros derechos importantes para usted.

LLEVE ESTA DEMANDA A UN ABOGADO IMMEDIATAMENTE. SI NO TIENE ABOGADO O SI NO TIENE EL DINERO SUFICIENTE DE PAGAR TAL SERVICIO, VAYA EN PERSONA O LLAME POR TELEFONO A LA OFICINA CUYA DIRECCION SE ENCUENTRA ESCRITA ABAJO PARA AVERIGUAR DONDE SE PUEDE CONSEGUIR ASISTENCIA LEGAL.

ASSOCIACION DE LICENDIADOS DE FILADELFIA
SERVICIO DE REFENCIA E INFORMACION LEGAL

COMPLAINT

Plaintiffs Joseph R. Cacchione, Francis Cassidy, Yajun Chu, Brian Drake, Joseph Gassman, David Gollner, Kurt Hemry, Sherri Marini, Andrew McKinley, Christopher McMorrow, Mark Nardelli, Paul Nick, Davis Parker, Dean Parker, Daniel Reisinger, Philip Sharpton, Michael Tierney, (collectively, "individual Plaintiffs"), Merchant Factoring Income, LLC, Victory Income Fund, LLC, Workwell Fund I, LLC, Cape Cod Income Fund, Wellen Fund 1, LLC, LLC, LWM Income Fund, 2, LLC, LWM Equity Fund, L.P., LWM Income Fund Parallel, LLC, Blue Stream Income Fund, LLC, Jade Funding, LLC, MK One Income Fund, LLC, GR8 Income Fund, LLC, STFG Income Fund, LLC, RAZR MCA Fund, LLC, Mariner MCA Income Fund, LLC, MCA Carolina Income Fund, LLC, and Merchant Services Income Fund, LLC (all collectively, "Agent Fund Plaintiffs") hereby file this Complaint against Defendants and in support thereof aver as follows:

INTRODUCTION

This is a legal malpractice action arising out of the representation of multiple individuals, by Defendants John Pauciulo, Esquire ("Pauciulo") and his law firm, Eckert Seamans Cherin & Mellott, LLC ("Eckert Seamans," "Eckert," or "firm") (collectively, "Defendants") in connection with the creation of various investment funds formed for the express purpose of investing in an entity commonly referred to as PAR Funding. As detailed more fully below, PAR Funding offered an investment opportunity for "agent funds" to purchase a unique special purpose security, for the purpose of investing in merchant loans. These merchant loans provided capital to small businesses willing to pay very high factoring rates for the funding. The loans were funded through the sale of special purpose securities to investor funds, including the Agent Funds. Here, certain Agent Funds, created, managed, or owned by the individual plaintiffs provided capital to PAR Funding

Case ID: 201200892

in exchange for promissory notes, constituting the special securities. Each individual plaintiff and each Agent Fund (collectively, "Plaintiffs") has been harmed by the Defendants' failure to properly form the Agent Fund, or to properly advise of the risks presented by creating such an Agent Fund for the sole purpose of investing in PAR Funding. At all relevant times, Pauciulo and the firm were aware of unique risks associated with these investments, nonetheless Pauciulo promoted the investments as both legal and relatively safe. He provided, at best, a false sense of security about the decision to invest, and at worst, outright misrepresentations about the risks, in order to either benefit from the increase in business for his legal services or from driving investment traffic into PAR Funding, or both.

In contrast to attracting individual investors into PAR Funding, the 'Agent Fund' concept involved the formation of an LLC meeting the criteria to hold certain securities. The Agent Fund concept was presented to potential investors through seminars and events, where Pauciulo, either in person or in a pre-recorded message, extolled the virtues of PAR's business model, successes, operations, and additionally vouched for the legality, both of the use of Agent Funds as sources of capital to fund the loans PAR issued to small businesses, and the purchase of such unregistered securities. Once individual investors expressed an interest in establishing an agent fund, Pauciulo would offer to represent the investor in performing the legal work necessary to form the fund. Pauciulo and Eckert, in written agreements with each client, agreed to represent each fund in preparing the documents necessary to make an investment in PAR Funding, including the preparation of a detailed Private Placement Memorandum ("PPM"). The PPM, among other things, was supposed to contain required disclosures about the risks of the investment in PAR Funding and was to be used when soliciting investors in the Agent Fund.

Case ID: 201200892

The PPM prepared by Pauciulo and Eckert for each Agent Fund, as described below, was incomplete and inaccurate. Salient information regarding the principals and agents of PAR Funding, including fines levied by several states against PAR and its principals, a Securities and Exchange Commission ("SEC") investigation into PAR's practices of using unlicensed brokers to sell securities, and the prior criminal history of PAR's principal Joseph LaForte, was kept from Plaintiffs and their investors. When asked by their clients, Pauciulo and Eckert denied the significance of any challenges to PAR's investment practices. Pauciulo also withheld important information regarding his professional relationship with PAR, its principals, and/or agents. The existence of a conflict of interest on the part of Pauciulo and Eckert was never disclosed, and no effort was made to obtain any conflict waiver from Plaintiffs.

In July 2020, all of PAR's assets were seized by the United States District Court for the Southern District of Florida, and PAR was enjoined from engaging in any further investment activities. Millions of dollars in Plaintiffs' principal investments were lost as a result of the Florida Federal Court's action. Plaintiffs' return on investment also ceased. The Florida Federal Court's intervention was in response to a lawsuit brought by the SEC against PAR, alleging fraud and misconduct. PAR's principals have since forfeited personal assets purchased with PAR's money, including airplanes and houses. The federal government investigation of PAR Funding continues, with several of the Plaintiffs having received subpoenas. Pauciulo and Eckert have abandoned Plaintiffs, their clients, with respect to the SEC litigation, and have provided Plaintiffs with no information, advice, or counsel regarding their losses, or the federal investigation.

As a result of Defendants' negligence, breach of contract, and breach of their fiduciary duty to Plaintiffs, each Plaintiff is seeking damages from Pauciulo and Eckert for their role in bringing about Plaintiffs' financial losses.

Case ID: 201200892

PARTIES

1. Plaintiff Joseph R. Cacchione ("Cacchione") is an individual and citizen of the Commonwealth of Pennsylvania, who, at all relevant times, had an address at 68 Woodland Road, Wyomissing, Pennsylvania 19610.

2. Plaintiff, Merchant Factoring Income Fund, LLC ("MFI") was at all relevant times a Delaware limited liability corporation with a principal place of business located at 1320 Monroe Avenue, Wyomissing, Pennsylvania 19610. Cacchione is the sole member of MFI.

3. Plaintiff Francis Cassidy ("Cassidy") is an individual and citizen of the Commonwealth of Pennsylvania, who, at all relevant times, maintained as address at 66 E. Golfview Road, Ardmore, PA 19003.

4. Plaintiff Victory Income Fund, LLC ("VIF"), is a Delaware limited liability corporation with a principal place of business located at 66 E. Golfview Road, Ardmore, Pennsylvania 19003. Cassidy is the managing member of VIF.

5. Plaintiff Yajun Chu ("Chu") is an individual and citizen of the Commonwealth of Virginia, who, at all relevant times, had an address at 831 S. Veitch Street, Arlington, Virginia 22204.

6. Plaintiff WorkWell Fund I, LLC ("WWF") is a Delaware limited liability corporation with a principal place of business located at 1701 Pennsylvania Avenue, NW, Suite 200, Washington, DC 20006. At all relevant times, Chu was the managing member of WWF.

7. Plaintiff Brian Drake ("Drake") is an individual and citizen of the Commonwealth of Massachusetts, who, at all relevant times, had an address at 59 Main Street, Unit 22-4, Dennis, Massachusetts 02683.

Case ID: 201200892

8. Plaintiff Cape Cod Income Fund, LLC ("CCF") is a Delaware limited liability company with a mailing address located at P.O. Box 2812, Orleans, MA 02653. Drake is a managing member of CCF.

9. Plaintiff Joseph Gassman ("Gassman") is an individual and citizen of the Commonwealth of Pennsylvania, who, at all relevant times, had an address at 248 Woodlyn Ave, Glenside, PA 19038.

10. Plaintiff Wellen Fund 1, LLC ("Wellen 1") is a Delaware limited liability company with a principal place of business located at 1657 The Fairway, #194, Jenkintown PA 19046. Gassman is the managing member of Wellen 1.

11. Plaintiff David Gollner ("Gollner") is an individual and citizen of the Commonwealth of Pennsylvania, who, at all relevant times, had an address at 3087 Innovation Way, Hermitage, PA 16148.

12. Plaintiff, Sherri Marini ("Marini"), is an individual and citizen of the Commonwealth of Pennsylvania, who, at all relevant times had a business address at 3087 Innovation Way, Hermitage, Pennsylvania 16148. Marini is Gollner's daughter and business partner.

13. Plaintiff LWM Income Fund 2, LLC ("LWM Income Fund 2") is a Delaware limited liability company with principal place of business located at 1209 Orange Street, Wilmington, Delaware 19801. Gollner and Marini are the managing members of LWM Income Fund 2.

14. Plaintiff LWM Equity Fund, LP ("LWM Equity"), by and through its general partner, LWM Equity Fund GP, LLC, is a Delaware limited partnership with a principal place of

Case ID: 201200892

business located at 1209 Orange Street, Wilmington, Delaware 19801. Gollner and Marini are members of LWM Equity Fund, GP, LLC.

15. Plaintiff LWM Income Fund Parallel, LLC ("LWM Income Parallel") is a Delaware limited liability company with a principal place of business located at 1209 Orange Street, Wilmington, Delaware 19801. Gollner and Marini are the managing member of LWM Income Parallel.

16. Plaintiff Kurt Hemry ("Hemry") is an individual and citizen of the State of Oregon, who, at all relevant times, had an address at 11791 SW Barber Street, Wilsonville, Oregon 97070.

17. Plaintiff Blue Stream Income Fund, LLC ("BSIF") is a Delaware limited liability company with a principal place of business located at 11535 SW 67th Avenue, Portland, OR 97223.

18. Plaintiff Andrew McKinley ("McKinley") is an individual and citizen of the Commonwealth of Pennsylvania, who, at all relevant times had an address at 1423 S. Howard Street, Philadelphia, Pennsylvania 19147.

19. Plaintiff Jade Funding, LLC ("JF") is a Delaware limited liability company with a place of business at 1423 S. Howard Street, Philadelphia, Pennsylvania 19147. McKinley is the managing member of JF.

20. Plaintiff Christopher McMorrow ("McMorrow") is an individual and citizen of the Commonwealth of Pennsylvania, who, at all relevant times had an address of 55 Brookview Lane, Pottstown, Pennsylvania 19464.

21. Plaintiff M.K. One Income Fund, LLC ("MKOIF") is a Delaware limited liability company with a place of business at 373 E. Main Street, #109, Collegeville, Pennsylvania 19426. McMorrow is the managing member of MKOIF.

Case ID: 201200892

22. Plaintiff Mark Nardelli ("Nardelli") is an individual and citizen of the State of North Carolina, who, at all relevant times had an address at 10030 Pineville Road, Unit 101, Raleigh, North Carolina 27617.

23. Plaintiff GR8 Income Fund, LLC ("GR8 Income Fund") is a Delaware limited liability company with a principal place of business at 2232 Page Road, Suite 204, Durham, North Carolina 27703. Nardelli is a managing member of GR8 Income Fund.

24. Plaintiff Paul Nick ("Nick") is an individual and citizen of the State of Texas, who, at all relevant times had an address at 1432 Waseca Street, Houston, Texas 77055.

25. Plaintiff STFG Income Fund, LLC ("STFG") is a Delaware limited liability corporation with a principal place of business at 1334 Brittmoore Road, Suite 1318, Houston, Texas 77043.

26. Plaintiff Davis Parker is an individual and citizen of the State of Texas, who, at all relevant times had a business address of 205 Heritage Trail, N. Bellville, Texas 77418.

27. Plaintiff Dean Parker is an individual and citizen of the State of Texas, who, at all relevant times had a business address of 205 Heritage Trail N, Bellville, Texas 77418. (Dean Parker and Davis Parker are collectively referred to as the "Parkers").

28. Plaintiff RAZR MCA Fund, LLC ("RAZR") is a Delaware limited liability company with a principal place of business at 205 Heritage Trial N., Bellville, Texas 77418. The Parkers are the managing members of RAZR.

29. Plaintiff Daniel Reisinger ("Reisinger") is an individual and citizen of the Commonwealth of Pennsylvania, who, at all relevant times had an address at 108 Forest Hill Drive, Blakeslee, Pennsylvania 18610.

Case ID: 201200892

30. Plaintiff Mariner MCA Income Fund, LLC ("Mariner") is a Delaware limited liability company with a place of business located at 3825 Lancaster Pike – Suite 3 – Wilmington DE 19805. Reisinger is the managing member of Mariner.

31. Plaintiff Philip Sharpton ("Sharpton") is an individual and citizen of the State of South Carolina, who, at all relevant times had an address at 323 Berkeley Road, Rock Hill, South Carolina 29732.

32. Plaintiff MCA Carolina Income Fund, LLC ("Carolina Income") is a Delaware limited liability company with a place of business at 323 Berkeley Road, Rock Hill, South Carolina 18954. Sharpton is the managing member of Carolina Income.

33. Plaintiff Michael Tierney ("Tierney") is an individual and citizen of the Commonwealth of Pennsylvania, who has an address at 1881 Whitebriar Road, Southampton, PA 18966.

34. Plaintiff Merchant Services Income Fund, LLC ("MSIF") is a Delaware limited liability company with a business address of 549 Golden Gate Drive, Richboro, Pennsylvania 18954. Tierney is the managing member of MSIF.

35. Defendant John Pauciulo, Esquire ("Pauciulo") is an individual and citizen of the Commonwealth of Pennsylvania, who is licensed to practice law in the Commonwealth of Pennsylvania and is a member of the law firm Eckert Seamans Cherin & Mellott, LLC ("Eckert Seamans," "Eckert," or "firm"), with offices located at 50 S. 16th Street, 22nd Floor, Philadelphia, PA 19102.

36. Defendant Eckert Seamans Cherin & Mellott, LLC ("Eckert Seamans," "Eckert," or "firm") is a limited liability corporation organized for the purpose of providing legal services to

Case ID: 201200892

the public including, but not limited to the afore mentioned Plaintiffs with offices located at 50 S. 16th Street, 22nd Floor, Philadelphia, PA 19102.

37. At all relevant times, Defendant Eckert acted by and through its authorized agents, servants, partners, members, associates, and employees, including John Pauciulo, all of whom were acting in the course and scope of their relationship with Eckert and the professional services it provides.

38. This Complaint states claims for legal malpractice, sounding both in tort and in contract, and breach of fiduciary duty.

JURISDICTION AND VENUE

39. Jurisdiction rests with this Court because the principal place of business of Pauciulo and Eckert (collectively, "Defendants") is located in Philadelphia County; venue is proper in this Court because all, or a substantial part of, the legal services provided to Plaintiffs was performed in Philadelphia County.

FACTS

A. Plaintiffs Are Introduced to Pauciulo, Eckert, and PAR Funding

40. At various times between 2017 and 2020, each individual Plaintiff, who is an investor or investment manager, was introduced to defendant John Pauciulo and through him, Eckert.

41. These introductions were made at various luncheons, dinners, and other investor relations events hosted by high profile investor, Dean Vagnozzi, in order to attract interest in investing in an entity called Complete Business Solutions Group, Inc., d/b/a PAR Funding ("PAR" or "PAR Funding").

Case ID: 201200892

42. PAR Funding was organized and created as a money lender for small and medium sized businesses that could not otherwise access traditional lenders like banks, private equity, and insurance companies as a source of funds to operate; or for those companies needing faster access to capital than traditional lenders will offer. PAR offers merchant loans.

43. Merchant loans are often short-term loans with high factoring rates. They can be risky for the lender.

44. Businesses like PAR Funding are ordinarily of limited interest to serious investors because of the risks typically involved in providing such loans to businesses that either cannot attract traditional funding sources or need access to capital more quickly than traditional lenders can provide funding.

45. To fund its merchant loans, PAR would solicit investments from high-net-worth individuals or investor groups interested in what PAR presented as a high-return investment opportunity with relatively low risk due to what was presented as a very low default rate on the merchant loans. The default rate that was presented was inaccurate.

46. PAR Funding was able to attract quality investors, like the individual Plaintiffs and the Agent Funds, by associating itself with Vagnozzi, who was, at the time, a very highly regarded professional investor and advocate of alternative investments.

47. Vagnozzi agreed, for a fee, to team up with the principals of PAR, Joseph LaForte ("LaForte") and Lisa McElhone ("McElhone"), in order to promote PAR Funding and attract investors.

48. Upon information and belief, Vagnozzi had a long-term attorney-client relationship with Pauciulo and Eckert. At a minimum, Vagnozzi was represented by Pauciulo before meeting Plaintiffs and introducing them to PAR Funding.

Case ID: 201200892

49. Vagnozzi recruited Pauciulo to assist with marketing investment in PAR to qualified, serious investors. In part, having an attorney, particularly one with Pauciulo's former SEC attorney background, assist with the pitch lent the operation an air of credibility and legitimacy.

50. In many instances, Pauciulo was present at these investor relations events, but if he was not there, a prerecorded promotional message would be shown to potential investors, in which Pauciulo spoke about the legality of both PAR's business and the special purpose security that was being offered for purchase.

51. For legal reasons having to do with the sale of securities, Pauciulo, Vagnozzi and others at PAR determined that individuals could not make an investment in PAR.

52. However, Pauciulo determined that it would be legal for potential investors to create an "agent fund." In essence, an agent fund would be formed to take in the investment dollars of a group of investors. The agent fund would then place an investment in PAR Funding in exchange for a certain type of promissory note. As presented, any such investment would constitute a special purpose security interest in a particular batch of merchant loans issued by PAR Funding.

53. At the time of these investor relations or marketing events, and/or through prerecorded messages, Vagnozzi and Pauciulo were touting an opportunity to create an agent fund to invest in PAR.

54. Vagnozzi and Pauciulo would extoll PAR's successes by, *inter alia*, touting PAR's low default rate among PAR's customers (borrowers), and suggesting that PAR's customers were looking for fast capital to fund creative, time-sensitive projects that could not be delayed by the endless "due diligence" required by more traditional lenders.

Case ID: 201200892

55. Among other things, Pauciulo and Vagnozzi made the following representations, all of which turned out to be false, and were false when made:

a) Fewer than 5% of PAR's customers (borrowers) had ever defaulted on a loan. (In truth, the default rate was higher than 35%);

b) The loans made by PAR were to a variety of small businesses. (In fact, 50% of the loans were made to 15 businesses);

c) The securities to be purchased in PAR by the Agent Funds were legally compliant with all SEC and/or banking regulations. (Indeed, they were not).

56. Pauciulo and Vagnozzi never mentioned that:

a) PAR was under investigation by state and federal banking authorities;

b) PAR Funding was under scrutiny by the Securities & Exchange Commission when Plaintiffs invested in PAR.

57. At the live investor-marketing events, and/ or in prerecorded messages, Pauciulo, in particular, stressed that investment in PAR was both relatively low-risk and legal.

58. Vagnozzi and Pauciulo promised that each agent fund would be entitled to a proportionate share of the factor being paid by PAR's borrowers on each merchant loan. The rate was, on average 1.3 times the principal amount of the merchant loan, but could be more or less than that factor rate.

59. Defendant Pauciulo explained the legal nuances of the investment opportunity, presented as a purchase of security, both in person or as part of his pre-recorded promotional message.

60. Pauciulo's presentations, both live and prerecorded, encouraged investment and were designed to explain why these investments in PAR Funding were legally sound, legitimate, and relatively safe—so much so, that they were vouched for by Pauciulo, an attorney who had spent decades before joining Eckert, as an attorney for the SEC.

Case ID: 201200892

61. The terms of each investment were the same. The agent fund would invest by purchasing a promissory note from PAR, which note provided for regular payment of interest and the return of the invested capital at the end of a fixed period of time.

62. Pauciulo represented that the security the investors were buying was exempt from SEC Regulation D, and that the investment opportunity was both legal and appropriate.

63. The potential investors, including the individual Plaintiffs, who were to set up the Agent Funds to carry out these investments, were informed that to be legally compliant, each fund could have a maximum of 99 investors and 35 non-accredited investors, with a six month wait period between consecutive funds.

B. The Individual Plaintiffs Hired Pauciulo and Eckert to Create the Agent Fund Plaintiffs in Order to Invest in PAR Funding.

64. As a part of promoting investment in PAR, the individual Plaintiffs, as interested potential investors, were directed to contact Pauciulo at Eckert in order to create Agent Funds to hold the securities, either for individual investors or investor groups.

65. Pauciulo also offered his services and the firm's in assisting any investor in filling out all necessary paperwork and creating all legal documents, in order to make an investment in PAR, including the preparation of required disclosure statements the newly formed Agent Fund would need to accept investments from the newly formed fund's investors in PAR.

66. Within an 18-month period beginning in 2017, each of the individual Plaintiffs agreed to engage Pauciulo and Eckert to organize an Agent Fund and produce a private placement memorandum ("PPM"), which would allow the Agent Fund to raise money to invest in PAR. Eckert and Pauciulo agreed to perform these and other services for each individual Plaintiff and

Case ID: 201200892

each Agent Fund, as set forth in an engagement letter. A true and correct copy of the engagement letter, for each client with access to the letter, is attached as Exhibit A.[1]

67. These "Agent Funds," created by Pauciulo and Eckert for each of the individual Plaintiffs, are the Agent Funds in this lawsuit. The Agent Funds sought individuals to invest in the purchase of a security that would be invested in PAR Funding.

68. Pauciulo and his colleagues at the firm, at his instruction, created the Agent Funds, all required formation documents, and, critically, prepared, a PPM that described, among other things, the known risks of these investments, and the way in which the investments worked.

C. Pauciulo and Eckert Failed to Make Required Disclosures about PAR.

69. Pauciulo and Eckert did not disclose at any investor recruitment or marketing event, in any promotional materials for PAR Funding, or in any PPM they prepared for any Plaintiff, that the Securities & Exchange Commission ("SEC") had taken action against Vagnozzi and PAR for utilizing brokers that were not registered to sell securities, and, once the SEC's actions were made public, would not respond to questions regarding necessary investor actions or notifications Plaintiffs learned about. Many, if not most, of the Plaintiffs reached out to Pauciulo when news of the SEC's actions became public knowledge with questions and requests for counsel. Pauciulo and the firm ignored questions, sloughed off questions or otherwise failed to respond.

70. Pauciulo and Eckert likewise failed to disclose that several states, including Pennsylvania, had levied heavy fines against PAR for promoting and selling unregistered securities.

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[1] The engagement letters are submitted in the same order in which each Plaintiff is listed. If there is not an attached engagement letter, the reason for its omission is addressed in the specific Counts of the Complaint associated with that particular Plaintiff(s).

Case ID: 201200892

71. To the contrary, Pauciulo, or others at Eckert, advised each of the Plaintiffs that PAR was a legitimate, profitable operation that had a very solid, stable background and was a sound, prudent and legal investment. Indeed, in his live appearances and prerecorded messages, Pauciulo touted his years of experience as a lawyer for the SEC prior to joining Eckert as a reason why potential investors could trust his statements about the legal integrity of an investment in PAR.

72. Accordingly, in creating Agent Funds, seeking investors in those Funds, and placing investments in PAR through the Agent Funds, Plaintiffs relied on Pauciulo's assurances, unaware that PAR's owner and PAR itself was under investigation by the SEC for, among other things, selling unregistered securities.

73. The PPMs Eckert and Pauciulo prepared failed to disclose that PAR was under SEC investigation and/or action; therefore, the Agent Funds did not make these disclosures to their investors. In failing to make those disclosures, the PPMs were inadequate and deficient.

74. In his role as an attorney for Vagnozzi, Pauciulo was aware, or should have been aware, of the SEC's litigation or investigation, but intentionally failed to make disclosure to Plaintiffs both in order to protect the interests of his client, Vagnozzi, and, upon information and belief, to retain Pauciulo's own personal benefit from ongoing investments in PAR.

75. Upon information and belief, Pauciulo personally benefited from any investor or marketing event at which he made either a live presentation or by prerecorded message, through payment of fees for his time. This financial benefit was, upon information and belief, distinct from the legal fees generated by the Agent Fund formation work, which was performed at Plaintiffs' expense.

Case ID: 201200892

76. As a result of these investor-marketing presentations (both live and prerecorded) by Vagnozzi and Pauciulo, the individual Plaintiffs, and their subsequently formed agent funds, each hired Eckert and Pauciulo to represent them, in accordance with the terms set forth in an engagement letter. Exhibit A.

77. Pauciulo failed to disclose to any Plaintiff that his attorney-client relationship with Vagnozzi created a conflict of interest.

78. Neither Pauciulo nor Eckert obtained any conflict waiver from any Plaintiff. Likewise, neither Pauciulo nor the firm disclosed to any Plaintiff the material facts leading to the seizure of their investments, as described above, although those facts were known, at all relevant times, to Pauciulo and Eckert.

D. The Securities & Exchange Commission Litigation, the Potential Prosecution of La Forte, McElhone, and Vagnozzi, and the Seizure of PAR's Assets.

79. The SEC scrutiny of PAR Funding resulted in the filing of a declaratory judgment action, brought by the SEC on July 24, 2020 in the United States District Court for the Southern District of Florida, captioned, *Securities & Exchange Commission v. Complete Business Solutions Group, Inc et al.,* Civil Docket No. 9:20-cv-81205-RAR (the "SEC Florida Action"). The SEC Florida Action was brought against PAR Funding and its principals, Lisa McElhone and Joseph W. La Forte, as well as Dean Vagnozzi and others.

80. Within days of the initiation of the SEC Florida Action, the Honorable Rodolfo A. Ruiz, II appointed a receiver to oversee PAR.

81. The following day, the Florida District Court entered an order restraining any further activities by PAR and freezing all of PAR's assets.

82. According to accountants, fraud examiners, and other professionals, the evidence indicates that PAR Funding was paying its investors money generated from investment funds from

Case ID: 201200892

subsequent investors, and not by recovery of the loan repayments from PAR's customers (borrowers).

83. Upon information and belief, PAR's principals, McElhone and LaForte, diverted millions of investment dollars to themselves, Vagnozzi, and others, including Pauciulo.

84. In addition, Plaintiffs learned that Pauciulo and others from PAR had not been honest about PAR's business successes. At the investor recruitment-marketing meetings, they had represented that PAR enjoyed a very low default rate on its merchant loans. In reality, a far higher percentage of merchant loans were in default.

85. It is unlikely that Plaintiffs will be able to recover their investments from PAR Funding.

86. Since the filing of the SEC Florida Action, Pauciulo and Eckert have abandoned Plaintiffs and have refused them any legal assistance, despite requests from many, if not most, of the individual Plaintiffs to update the PPM risks and to advise investors in the Agent Funds of new, significant investment risks.

87. Plaintiffs have since learned many of these facts concerning the risky nature of investing in PAR Funding, which were unknown to them before the SEC Florida Action and which were not disclosed to them as part of Pauciulo's representation of each Plaintiff. Pauciulo and Eckert, however, at all relevant times, knew of these risks and did not include or disclose them in the PPMs prepared for each Agent Fund.

88. Indeed, many of the facts that have been uncovered through the SEC Florida Action, at hearings, through discovery, and through activities by the receiver are contrary to information provided to Plaintiffs by Pauciulo.

Case ID: 201200892

89. Pauciulo failed to disclose such facts, of which he was aware, thereby depriving Plaintiffs of the ability to make informed investment decisions and causing them harm, when the individual Plaintiffs each engaged Pauciulo and his firm to provide protection and guidance in forming the Plaintiff Agent Funds, to enable investment in PAR Funding.

90. Had the individual Plaintiffs been properly advised about the risks of investing in PAR, as well as PAR's poor performance and lack of business integrity, they would not have formed Agent Funds to invest in PAR, and would not have taken investment money into the Agent Funds to invest in PAR.

91. Information material to Plaintiffs' investment that was withheld includes, but is not limited to:

a) LaForte's criminal past;

b) the actions against PAR by State Authorities to include Pennsylvania, New Jersey, and Texas; and

c) the pending investigation of PAR by the Securities & Exchange Commission.

92. As a result of the actions and inactions of John Pauciulo and Eckert, Plaintiffs have lost millions of dollars invested in PAR Funding that have been seized by the government or simply lost.

93. The negligence, carelessness, and reckless of Defendants is a proximate cause of injuries suffered by each Plaintiff, as detailed below.

94. Defendants also violated their ethical and legal responsibility to advise Plaintiffs of the conflict of interest inherent in their representation of Vagnozzi at the same time as they sought to, and did, engage in providing legal services to Plaintiffs. This conflict of interest also contributed to Plaintiffs' financial losses.

Case ID: 201200892

95. Moreover, Defendants abandoned most, if not all, Plaintiffs, their clients, when the consequences of the latter conflict of interest came to pass, leaving Plaintiffs without adequate counsel at a tumultuous time. This too, caused Plaintiffs' financial loss.

COUNT I – LEGAL MALPRACTICE (TORT)
Plaintiffs Joseph Cacchione and Merchant Factoring Income, LLC v. Defendants

96. Plaintiffs incorporate paragraphs 1 through 95 as though set forth at length in this Count.

97. In or around the summer 2018, Cacchione retained the legal services of Pauciulo and Eckert to represent him in the creation of an Agent Fund to operate as an investment vehicle and hold the securities or promissory notes from PAR Funding, as described in the facts section of this Complaint. For reasons outside of his control, Cacchione cannot access a copy of his engagement letter with Eckert.

98. As part of the representation, the Eckert Firm and Pauciulo were to form an Agent Fund that was legally compliant with all applicable banking or SEC regulations, including SEC Regulation D, and to prepare all necessary Fund formation documents, as well as the investor statements and other documents that would be legally required, including a PPM.

99. In or around July 10, 2018, Cacchione, through the legal assistance of the Eckert Firm and Pauciulo (or other Eckert attorneys, under Pauciulo's direction and supervision), formed MFI.

100. At all relevant times, Pauciulo knew, or should have known based on discussions or other communications from Cacchione, that the Agent Fund was being formed specifically to invest in PAR Funding.

101. Pauciulo, and others working with him at the Eckert Firm, formed Merchant Factoring Income, LLC, and prepared a PPM that did not make necessary disclosures. At no time

Case ID: 201200892

did Pauciulo, or any other Eckert attorney, advise MFI or Cacchione that it was necessary to amend the PPM to make disclosures about the risks of investing in PAR, although Pauciulo knew or should have known of those risks.

102. Accordingly, Cacchione and MIF relied on this false and misleading legal work prepared by Pauciulo and the Eckert Firm, in encouraging investors to invest in MIF, which, in turn, invested in PAR Funding.

103. Defendants were reckless, careless, and negligent when representing Plaintiffs, both generally and in the following specific ways:

(a) Providing false and inaccurate information regarding the legality of PAR Funding's operations;

(b) Misrepresenting the safety and security of investing in PAR Funding;

(c) Failing to disclose the criminal past of PAR Funding's principal, John LaForte;

(d) Failing to disclose a professional relationship to PAR Funding that created a conflict of interest in Defendants' representation of Plaintiffs in forming an Agent Fund to invest in PAR;

(e) Encouraging Plaintiffs to invest in PAR and to solicit others to invest in PAR;

(f) Failing to advise that the Agent Fund strategy may not be compliant with SEC Regulations;

(g) Failing to properly draft a PPM; and

(h) Failing and or refusing to provide advice and legal support to Plaintiffs, the Defendants' clients, when the assets of PAR Funding were seized by the government, and PAR Funding came under close legal scrutiny.

104. As a result of Defendants' actions and omissions, Plaintiffs suffered economic losses in an amount of $786,0000, the amount of money MFI invested in PAR, excluding interest and counsel fees paid to Eckert.

Case ID: 201200892

105. In addition, Plaintiffs suffered additional losses including, but not limited to, counsel fees related to the SEC investigation and expended to defend against claims from their investors, as well as the loss of use of their investment.

WHEREFORE, Plaintiffs, Joseph Cacchione and Merchant Factoring Income Fund, LLC, request a judgment in their favor and against Defendants, John W. Pauciulo, Esquire, and Eckert Seamans Cherin & Mellott, LLC, in an amount in excess of $50,000, together with lawful interest, costs of suit and any other damages the Court deems just and proper.

COUNT II - LEGAL MALPRACTICE (CONTRACT)
Plaintiffs Joseph Cacchione and Merchant Factoring Income, LLC v. Defendants

106. Plaintiffs incorporate paragraphs 1 through 95 as though set forth at length in this Count.

107. In or around the Summer 2018, Cacchione retained the legal services of Pauciulo and the Eckert Firm to represent him in the creation of an Agent Fund to operate as an investment vehicle and to hold the securities or promissory notes from PAR Funding, as described in the facts section of this Complaint. For reasons outside of his control, Cacchione cannot access a copy of his engagement letter with Eckert. Upon information and belief, the written contract is substantially similar to the other engagement letters attached as Exhibit A.

108. As part of that representation, the Eckert Firm and Pauciulo were to form an Agent Fund that was legally compliant with all applicable banking or SEC regulations, including SEC Regulation D, and to prepare all necessary Fund formation documents, as well as the investor statements and other documents that would be legally required, including a PPM.

109. In or around July 10, 2018, Cacchione, through the legal assistance of the Eckert Firm and Pauciulo (or other attorneys under Pauciulo's direction and supervision), formed MFI.

Case ID: 201200892

110. In the engagement agreement, to the best of Cacchione's recollection, the Eckert Firm and Pauciulo expressly agreed that the representation necessarily would include: "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 "counseling with respect to the offering."

111. The Eckert Firm and Pauciulo failed to discharge these express contractual obligations.

112. Moreover, the Eckert Firm and Pauciulo failed to provide legal services that were consistent with legal industry standards, which is an implied promise in every legal engagement.

113. Pauciulo, and others working with him at the Eckert Firm, formed the Merchant Factoring Income, LLC, and prepared a PPM that did not make necessary disclosures. At no time did Pauciulo, or any attorney from the Eckert Firm, advise MFI or Cacchione that it was necessary to amend the PPM to make disclosures about the risks of investing in PAR, although Pauciulo knew or should have known of those risks.

114. Accordingly, Cacchione and MIF relied on this false and misleading legal work prepared by Pauciulo and the Eckert Firm, in encouraging investors to invest in MIF which, in turn, invested in PAR Funding.

115. Defendants failed to prepare necessary documentation to ensure that MIF would be compliant with all state and federal securities laws, and did not provide appropriate counsel regarding the offering, in the following ways:

(a) Providing false and inaccurate information regarding the legality of PAR Funding's operations;

(b) Misrepresenting the safety and security of investing in PAR Funding;

(c) Failing to disclose the criminal past of PAR Funding's principal, John LaForte;

Case ID: 201200892

(d) Failing to disclose a professional relationship to PAR Funding that created a conflict of interest in Defendants' representation of Plaintiffs in forming an Agent Fund to invest in PAR;

(e) Encouraging Plaintiffs to invest in PAR and to solicit others to invest in PAR;

(f) Failing to advise that the Agent Fund strategy may not be compliant with SEC Regulations;

(g) Failing to properly draft a PPM; and

(h) Failing and or refusing to provide advice and legal support to Plaintiffs, the Defendants' clients, when the assets of PAR Funding were seized by the government, and PAR Funding came under close legal scrutiny.

116. As a result of Defendants' breach of contract, Plaintiffs suffered economic losses in an amount of $786,000, the amount of money MFI invested in PAR, excluding interest and fees paid to Eckert.

117. In addition, Plaintiffs suffered consequential damages including, but not limited to, counsel fees, the loss of use of their investment, lost profits and/or interest.

WHEREFORE, Plaintiffs, Joseph Cacchione and Merchant Factoring Income Fund, LLC, request a judgment in their favor and against Defendants, John W. Pauciulo, Esquire, and Eckert Seamans Cherin & Mellott, LLC, in an amount in excess of $50,000, together with lawful interest, costs of suit and any other damages the Court deems just and proper.

COUNT III – LEGAL MALPRACTICE (TORT)
Plaintiffs Francis Cassidy and Victory Income Fund, LLC v. Defendants

118. Plaintiffs incorporate paragraphs 1 through 95 as though set forth at length in this Count.

119. On or about, April 17, 2019, Cassidy retained the legal services of Pauciulo and the Eckert Firm to represent him in the creation of an Agent Fund to operate as an investment vehicle

Case ID: 201200892

and to hold the securities or promissory notes from PAR Funding, as described in the facts section of this Complaint. A true and correct copy of the engagement letter is attached as Exhibit A.

120. As part of the representation, the Eckert Firm and Pauciulo were to form an Agent Fund that was legally compliant with all applicable banking or SEC regulations, including SEC Regulation D, and to prepare all necessary Fund formation documents, as well as the investor statements and other documents that would be legally required, including a PPM.

121. In or around June 1, 2019, Cassidy, through the legal assistance of the Eckert Firm and Pauciulo (or other attorneys under Pauciulo's direction and supervision), formed VIF.

122. At all relevant times, Pauciulo knew, or should have known based on discussions or other communications from Cassidy, that the Agent Fund was being formed specifically to invest in PAR Funding.

123. Pauciulo, and others working with him at the Eckert Firm, formed VIF and prepared a PPM that did not make necessary disclosures. At no time did Pauciulo, or any other Eckert attorney, advise VIF or Cassidy that it was necessary to amend the PPM to make disclosures about the risks of investing in PAR, although Pauciulo knew or should have known of those risks.

124. Accordingly, Cassidy and VIF relied on this false and misleading legal work prepared by Pauciulo and the Eckert Firm, in encouraging investors to invest in VIF which, in turn, invested in PAR Funding.

125. Defendants were reckless, careless, and negligent when representing Plaintiffs, both generally and in the following specific ways:

(a) Providing false and inaccurate information regarding the legality of PAR Funding's operations;

(b) Misrepresenting the safety and security of investing in PAR Funding;

Case ID: 201200892

(c) Failing to disclose the criminal past of PAR Funding's principal, Joseph LaForte;

(d) Failing to disclose a professional relationship to PAR Funding that created a conflict of interest in Defendants' representation of Plaintiffs in forming an Agent Fund to invest in PAR;

(e) Encouraging Plaintiffs to invest in PAR and to solicit others to invest in PAR;

(f) Failing to advise that the Agent Fund strategy may not be compliant with SEC Regulations;

(g) Failing to properly draft a PPM; and

(h) Failing and or refusing to provide advice and legal support to Plaintiffs, the Defendants' clients, when the assets of PAR Funding were seized by the government, and PAR Funding came under close legal scrutiny.

126. As a result of Defendants' actions and omissions, Plaintiffs suffered economic losses in an amount of $639,000, the amount of money VIF invested in PAR, excluding interest, and $290,000, the amount of money Cassidy invested in VIF and fees paid to Eckert.

127. In addition, Plaintiffs suffered additional losses including, but not limited to, counsel fees related to the SEC investigation and expended to defend against claims from their investors, as well as the loss of use of their investment and earned interest on the investment.

WHEREFORE, Plaintiffs, Francis Cassidy and Victory Income Fund, LLC, request a judgment in their favor and against Defendants, John W. Pauciulo, Esquire, and Eckert Seamans Cherin & Mellott, LLC, in an amount in excess of $50,000, together with lawful interest, costs of suit and any other damages the Court deems just and proper.

COUNT IV - LEGAL MALPRACTICE (CONTRACT)
Plaintiffs Francis Cassidy and Victory Income Fund, LLC v. Defendants

128. Plaintiffs incorporate paragraphs 1 through 95 as though set forth at length in this Count.

Case ID: 201200892

129. On or about, April 17, 2019, Cassidy retained the legal services of Pauciulo and the Eckert Firm to represent him in the creation of an Agent Fund to operate as an investment vehicle and to hold the securities or promissory notes from PAR Funding, as described in the facts section of this Complaint. A true and correct copy of the engagement letter is attached as Exhibit A.

130. As part of that representation, the Eckert Firm and Pauciulo were to form an Agent Fund that was legally compliant with all applicable banking or SEC regulations, including SEC Regulation D, and to prepare all necessary Fund formation documents, as well as the investor statements and other documents that would be legally required, including a PPM.

131. In or around June 1, 2019, Cassidy, through the legal assistance of the Eckert Firm and Pauciulo (or other attorneys under Pauciulo's direction and supervision), formed VIF.

132. In the engagement agreement, the Eckert Firm and Pauciulo expressly agreed that the representation necessarily would include: "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 "counseling with respect to the offering."

133. The Eckert Firm and Pauciulo failed to discharge these express contractual obligations.

134. Moreover, the Eckert Firm and Pauciulo failed to provide legal services that were consistent with legal industry standards, which is an implied promise in every legal engagement.

135. Pauciulo, and others working with him at the Eckert Firm, formed Victory Income Fund, LLC, and prepared a PPM that did not make necessary disclosures. At no time did Pauciulo, or any attorney from the Eckert Firm, advise VIF or Cassidy that it was necessary to amend the PPM to make disclosures about the risks of investing in PAR, although Pauciulo knew or should have known of those risks.

Case ID: 201200892

136. Accordingly, Cassidy and VIF relied on this false and misleading legal work prepared by Pauciulo and the Eckert Firm, in encouraging investors to invest in VIF which, in turn, invested in PAR Funding.

137. Defendants failed to prepare necessary documentation to ensure that MIF would be compliant with all state and federal securities laws, and did not provide appropriate counsel regarding the offering, in the following ways:

(a) Providing false and inaccurate information regarding the legality of PAR Funding's operations;

(b) Misrepresenting the safety and security of investing in PAR Funding;

(c) Failing to disclose the criminal past of PAR Funding's principal, Joseph LaForte;

(d) Failing to disclose a professional relationship to PAR Funding that created a conflict of interest in Defendants' representation of Plaintiffs in forming an Agent Fund to invest in PAR;

(e) Encouraging Plaintiffs to invest in PAR and to solicit others to invest in PAR;

(f) Failing to advise that the Agent Fund strategy may not be compliant with SEC Regulations;

(g) Failing to properly draft a PPM; and

(h) Failing and or refusing to provide advice and legal support to Plaintiffs, the Defendants' clients, when the assets of PAR Funding were seized by the government, and PAR Funding came under close legal scrutiny.

138. As a result of Defendants' breach of contract, Plaintiffs suffered economic losses in an amount of $639,000, the amount of money VIF invested in PAR, excluding interest, and $290,000, the amount of money Cassidy invested in VIF, all excluding interest and fees paid to Eckert.

Case ID: 201200892

139. In addition, Plaintiffs suffered consequential damages including, but not limited to, counsel fees, the loss of use of their investment, lost profits and/or interest.

WHEREFORE, Plaintiffs, Francis Cassidy and Victory Income Fund, LLC, request a judgment in their favor and against Defendants, John W. Pauciulo, Esquire, and Eckert Seamans Cherin & Mellott, LLC, in an amount in excess of $50,000, together with lawful interest, costs of suit and any other damages the Court deems just and proper.

COUNT V – LEGAL MALPRACTICE (TORT)
Plaintiffs Yajun Chu and WorkWell Fund I, LLC v. Defendants

140. Plaintiffs incorporate paragraphs 1 through 95 as though set forth at length in this Count.

141. On or about, March 11, 2019, Chu retained the legal services of Pauciulo and Eckert to represent him in the creation of an agent fund to operate as an investment vehicle and hold the securities or promissory notes from PAR Funding, as described in the facts section of this Complaint. A true and correct copy of the engagement letter is attached as Exhibit A.

142. As part of the representation, Eckert and Pauciulo were to form an agent fund that was legally compliant with all applicable banking or SEC regulations, including SEC Regulation D, and to prepare all necessary fund formation documents and the investor statements and other documents that would be legally required, including a PPM.

143. In or around April 29, 2019, Chu, through the legal assistance of Eckert and Pauciulo (or other attorneys under Pauciulo's direction and supervision), formed WWF.

144. At all relevant times, Pauciulo knew or should have known based on discussions or other communications from Chu, that WWF was being formed specifically to invest in PAR Funding.

Case ID: 201200892

145. Pauciulo, and others working with him at Eckert, formed WorkWell Fund I, LLC, and prepared a PPM that did not make necessary disclosures. At no time did Pauciulo or any other Eckert attorney advise WWF or Chu that it was necessary to amend the PPM to make disclosures about the risks of investing in PAR, although Pauciulo and Eckert knew or should have known of those risks.

146. Defendants were reckless, careless, and negligent when representing Plaintiffs both generally and in the following specific ways:

(a) Providing false and inaccurate information regarding the legality of PAR Funding's operations;

(b) Misrepresenting the safety and security of investing in PAR Funding;

(c) Failing to disclose the criminal past of PAR Funding's principal, Joseph LaForte;

(d) Failing to disclose a professional relationship to PAR Funding that created a conflict of interest in Defendants' representation of Plaintiffs in forming an agent fund to invest in PAR;

(e) Encouraging Plaintiffs to invest in PAR and to solicit others to invest in PAR;

(f) Failing to advise that the Agent Fund strategy may not be compliant with SEC Regulations; and

(g) Failing to properly draft a PPM.

147. As a result of Defendants' actions and omissions, Plaintiffs suffered economic losses in an amount of $502,000, the amount of money WWF invested in PAR, excluding interest and loss of use of the money and fees paid to Eckert.

148. In addition, Plaintiffs' suffered additional losses including, but not limited to, counsel fees related to the SEC investigation, and the loss of use of their investment.

Case ID: 201200892

WHEREFORE, Plaintiffs, Yajun Chu and WorkWell Fund I, LLC, request a judgment in their favor and against Defendants John W. Pauciulo, Esquire and Eckert Seamans in an amount in excess of $50,000, together with lawful interest, costs of suit and any other damages the Court deems just and proper.

COUNT VI - LEGAL MALPRACTICE (CONTRACT)
Plaintiffs Yajun Chu and WorkWell Fund I, LLC v. Defendants

149. Plaintiffs incorporate paragraphs 1 through 95 as though set forth at length in this Count.

150. On or about, March 11, 2019, Chu retained the legal services of Pauciulo and Eckert to represent him in the creation of an agent fund to operate as an investment vehicle and to hold the securities or promissory notes from PAR Funding, as described in the facts section of this Complaint. A true and correct copy of the engagement letter is attached as Exhibit A.

151. As part of the representation, Eckert and Pauciulo were to form an agent fund that was legally compliant with all applicable banking or SEC regulations, including SEC Regulation D, and to prepare all necessary fund formation documents and the investor statements and other documents that would be legally required, including a PPM.

152. In or around April 19, 2019, Chu, through the legal assistance of Eckert and Pauciulo (or other attorneys under Pauciulo's direction and supervision), formed WorkWell Fund I, LLC.

153. In the engagement agreement, the firm and Pauciulo expressly agreed that the representation necessarily would include: "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 "counseling with respect to the offering."

154. The firm and Pauciulo failed to discharge these express contractual obligations.

Case ID: 201200892

155. Moreover, the Firm and Pauciulo failed to provide legal services that were consistent with legal industry standards, which is an implied promise in every legal engagement.

156. Pauciulo, and others working with at Eckert, formed WorkWell Fund I, LLC, and prepared a PPM that did not make necessary disclosures. At no time did Pauciulo, or any other attorney at Eckert, advise WWF or Chu that it was necessary to amend the PPM to make disclosures about the risks of investing in PAR, although Pauciulo knew or should have known of those risks.

157. Accordingly, Chu and WWF relied on this false and misleading legal work prepared by Pauciulo and Eckert Seamans, encouraging investors to invest in WWF, for the purpose of investing in PAR Funding.

158. Defendants failed to prepare necessary documentation to ensure that WWF would be compliant with all state and federal banking and securities laws, and did not provide appropriate counsel regarding the offering in the following ways:

(a) Providing false and inaccurate information regarding the legality of PAR Funding's operations;

(b) Misrepresenting the safety and security of investing in PAR Funding;

(c) Failing to disclose the criminal past of PAR Funding's principal, Joseph LaForte;

(d) Failing to disclose a professional relationship to PAR Funding that created a conflict of interest in Defendants' representation of Plaintiffs in forming an agent fund to invest in PAR;

(e) Encouraging Plaintiffs to invest in PAR and to solicit others to invest in PAR;

(f) Failing to advise that the Agent Fund strategy may not be compliant with SEC Regulations; and

(g) Failing to properly draft a PPM.

Case ID: 201200892

159. As a result of Defendants' breach of contract, Plaintiffs suffered economic losses in an amount of $502,000, the amount of money excluding interest, the amount of money invested in WWF and WWF invested in PAR Funding, plus legal fees paid to Eckert.

160. In addition, Plaintiffs suffered consequential damages including, but not limited to, counsel fees, the loss of use of their investment, lost profits and/or interest.

WHEREFORE, Plaintiffs, Yajun Chu and WorkWell Fund I, LLC, request a judgment in their favor and against Defendants, John W. Pauciulo, Esquire and Eckert Seamans Cherin & Mellott, LLC, in an amount in excess of $50,000, together with lawful interest, costs of suit and any other damages the Court deems just and proper.

COUNT VII – LEGAL MALPRACTICE (TORT)
Plaintiffs Brian Drake and Cape Cod Income Fund, LLC v. Defendants

161. Plaintiffs incorporate paragraphs 1 through 95 as though set forth at length in this Count.

162. On or about, April 9, 2018, Drake retained the legal services of Pauciulo and the Eckert Firm to represent him in the creation of an Agent Fund to operate as an investment vehicle and hold the securities or promissory notes from PAR Funding, as described in the facts section of this Complaint. A true and correct copy of the engagement letter is attached as Exhibit A.

163. As part of the representation, the Eckert Firm and Pauciulo were to form an Agent Fund that was legally compliant with all applicable banking or SEC regulations, including SEC Regulation D, and to prepare all necessary Fund formation documents, as well as the investor statements and other documents that would be legally required, including a PPM.

164. On or around April 23, 2018, Drake, through the legal assistance of the Eckert Firm and Pauciulo (or other attorneys under Pauciulo's direction and supervision), formed CCF.

Case ID: 201200892

165. At all relevant times, Pauciulo knew, or should have known based on discussions or other communications from Drake, that the Agent Fund was being formed specifically to invest in PAR Funding.

166. Pauciulo, and others working with him at the Eckert Firm, formed Cape Cod Income Fund, LLC, and prepared a PPM that did not make necessary disclosures. At no time did Pauciulo, or any other Eckert attorney, advise CCF or Drake that it was necessary to amend the PPM to make disclosures about the risks of investing in PAR, although Pauciulo knew or should have known of those risks.

167. Accordingly, Drake and CCF relied on this false and misleading legal work prepared by Pauciulo and the Eckert Firm, in encouraging investors to invest in CCF, which, in turn, invested in PAR Funding.

168. Defendants were reckless, careless, and negligent when representing Plaintiffs, both generally and in the following specific ways:

(a) Providing false and inaccurate information regarding the legality of PAR Funding's operations;

(b) Misrepresenting the safety and security of investing in PAR Funding;

(c) Failing to disclose the criminal past of PAR Funding's principal, Joseph LaForte;

(d) Failing to disclose a professional relationship to PAR Funding that created a conflict of interest in Defendants' representation of Plaintiffs in forming an Agent Fund to invest in PAR;

(e) Encouraging Plaintiffs to invest in PAR and to solicit others to invest in PAR;

(f) Failing to advise that the Agent Fund strategy may not be compliant with SEC Regulations;

(g) Failing to properly draft a PPM; and

Case ID: 201200892

(h) Failing and or refusing to provide advice and legal support to Plaintiffs, the Defendants' clients, when the assets of PAR Funding were seized by the government, and PAR Funding came under close legal scrutiny.

169. As a result of Defendants' actions and omissions, Plaintiffs suffered economic losses in an amount of $1,401,200, the amount of money CCF invested in PAR, excluding interest and fees paid to Eckert.

170. In addition, Plaintiffs suffered additional losses including, but not limited to, counsel fees related to the SEC investigation and expended to defend against claims from their investors, as well as the loss of use of their investment.

WHEREFORE, Plaintiffs, Brian Drake and Cape Cod Income Fund, LLC, request a judgment in their favor and against Defendants, John W. Pauciulo, Esquire, and Eckert Seamans Cherin & Mellott, LLC, in an amount in excess of $50,000, together with lawful interest, costs of suit and any other damages the Court deems just and proper.

COUNT VIII - LEGAL MALPRACTICE (CONTRACT)
Plaintiffs Brian Drake and Cape Cod Income Fund, LLC v. Defendants

171. Plaintiffs incorporate paragraphs 1 through 95, as though set forth at length in this Count.

172. On or about, April 9, 2018, Drake retained the legal services of Pauciulo and the Eckert Firm to represent him in the creation of an Agent Fund to operate as an investment vehicle and to hold the securities or promissory notes from PAR Funding, as described in the facts section of this Complaint. A true and correct copy of the engagement letter is attached as Exhibit A.

173. As part of the representation, the Eckert Firm and Pauciulo were to form an Agent Fund that was legally compliant with all applicable banking or SEC regulations, including SEC

Case ID: 201200892

Regulation D, and to prepare all necessary Fund formation documents, as well as the investor statements and other documents that would be legally required, including a PPM.

174. On or around April 23, 2018, Drake, through the legal assistance of the Eckert Firm and Pauciulo (or other attorneys under Pauciulo's direction and supervision), formed CCF.

175. In the engagement agreement, the Eckert Firm and Pauciulo expressly agreed that the representation necessarily would include: "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 "counseling with respect to the offering."

176. The Eckert Firm and Pauciulo failed to discharge these express contractual obligations.

177. Moreover, the Eckert Firm and Pauciulo failed to provide legal services that were consistent with legal industry standards, which is an implied promise in every legal engagement.

178. Pauciulo, and others working with him at the Eckert Firm, formed Cape Cod Income Fund, LLC, and prepared a PPM that did not make necessary disclosures. At no time did Pauciulo, or any attorney from the Eckert Firm, advise CCF or Drake that it was necessary to amend the PPM to make disclosures about the risks of investing in PAR, although Pauciulo knew or should have known of those risks.

179. Accordingly, Drake and CCF relied on this false and misleading legal work prepared by Pauciulo and the Eckert Firm, in encouraging investors to invest in CCF which, in turn, invested in PAR Funding.

180. Defendants failed to prepare necessary documentation to ensure that CCF would be compliant with all state and federal securities laws, and did not provide appropriate counsel regarding the offering, in the following ways:

Case ID: 201200892

(a) Providing false and inaccurate information regarding the legality of PAR Funding's operations;

(b) Misrepresenting the safety and security of investing in PAR Funding;

(c) Failing to disclose the criminal past of PAR Funding's principal, Joseph LaForte;

(d) Failing to disclose a professional relationship to PAR Funding that created a conflict of interest in Defendants' representation of Plaintiffs in forming an Agent Fund to invest in PAR;

(e) Encouraging Plaintiffs to invest in PAR and to solicit others to invest in PAR;

(f) Failing to advise that the Agent Fund strategy may not be compliant with SEC Regulations;

(g) Failing to properly draft a PPM; and

(h) Failing and or refusing to provide advice and legal support to Plaintiffs, the Defendants' clients, when the assets of PAR Funding were seized by the government, and PAR Funding came under close legal scrutiny.

181. As a result of Defendants' breach of contract, Plaintiffs suffered economic losses in an amount of $1,401,200 the amount of money CCF invested in PAR, excluding interest and fees paid to Eckert.

182. In addition, Plaintiffs suffered consequential damages including, but not limited to, counsel fees, the loss of use of their investment, lost profits and/or interest.

WHEREFORE, Plaintiffs, Brian Drake and Cape Cod Income Fund, LLC, request a judgment in their favor and against Defendants, John W. Pauciulo, Esquire, and Eckert Seamans Cherin & Mellott, LLC, in an amount in excess of $50,000, together with lawful interest, costs of suit and any other damages the Court deems just and proper.

Case ID: 201200892

COUNT IX – LEGAL MALPRACTICE (TORT)
Plaintiffs Joseph Gassman and Wellen Fund 1, LLC v. Defendants

183. Plaintiffs incorporate paragraphs 1 through 95 as though set forth at length in this Count.

184. Plaintiffs incorporate paragraphs 1 through 94, as though set forth at length in this Count.

185. On or about March 2, 2018, Gassman retained the legal services of Pauciulo and the Eckert Firm to represent him in the creation of an Agent Fund to operate as an investment vehicle and hold the securities or promissory notes from PAR Funding, as described in the facts section of this Complaint. A true and correct copy of the engagement letter is attached as Exhibit A.

186. As part of the representation, the Eckert Firm and Pauciulo were to form an Agent Fund that was legally compliant with all applicable banking or SEC regulations, including SEC Regulation D, and to prepare all necessary Fund formation documents, as well as the investor statements and other documents that would be legally required, including a PPM.

187. In or around March 23, 2018, Gassman, through the legal assistance of the Eckert Firm and Pauciulo (or other attorneys under Pauciulo's direction and supervision), formed Wellen 1.

188. At all relevant times, Pauciulo knew, or should have known based on discussions or other communications from Gassman, that the Agent Fund was being formed specifically to invest in PAR Funding.

189. Pauciulo, and others working with him at the Eckert Firm, formed Wellen Fund 1, LLC, and prepared a PPM that did not make necessary disclosures. At no time did Pauciulo, or any other Eckert attorney, advise Wellen 1 or Gassman that it was necessary to amend the PPM to

Case ID: 201200892

make disclosures about the risks of investing in PAR, although Pauciulo knew or should have known of those risks.

190. Accordingly, Gassman and Wellen 1 relied on this false and misleading legal work prepared by Pauciulo and the Eckert Firm, in encouraging investors to invest in Wellen 1 which, in turn, invested in PAR Funding.

191. Defendants were reckless, careless, and negligent when representing Plaintiffs, both generally and in the following specific ways:

(a) Providing false and inaccurate information regarding the legality of PAR Funding's operations;

(b) Misrepresenting the safety and security of investing in PAR Funding;

(c) Failing to disclose the criminal past of PAR Funding's principal, Joseph LaForte;

(d) Failing to disclose a professional relationship to PAR Funding that created a conflict of interest in Defendants' representation of Plaintiffs in forming an Agent Fund to invest in PAR;

(e) Encouraging Plaintiffs to invest in PAR and to solicit others to invest in PAR;

(f) Failing to advise that the Agent Fund strategy may not be compliant with SEC Regulations;

(g) Failing to properly draft a PPM; and

(h) Failing and or refusing to provide advice and legal support to Plaintiffs, the Defendants' clients, when the assets of PAR Funding were seized by the government, and PAR Funding came under close legal scrutiny.

192. As a result of Defendants' actions and omissions, Plaintiffs suffered economic losses in an amount of at least $2.32 million, the amount of money Wellen 1 invested in PAR, excluding interest, and $601,000, the amount of money Gassman invested in ABFP Income Fund, LLC, also excluding interest and both excluding fees paid to Eckert.

Case ID: 201200892

193. In addition, Plaintiffs suffered additional losses including, but not limited to, counsel fees related to the SEC investigation and expended to defend against claims from investors, as well as the loss of use of their investment.

WHEREFORE, Plaintiffs, Joseph Gassman and Wellen Fund 1, LLC, request a judgment in their favor and against Defendants, John W. Pauciulo, Esquire, and Eckert Seamans Cherin & Mellott, LLC, in an amount in excess of $50,000, together with lawful interest, costs of suit and any other damages the Court deems just and proper.

COUNT X - LEGAL MALPRACTICE (CONTRACT)
Plaintiffs Joseph Gassman and Wellen Fund 1, LLC v. Defendants

194. Plaintiffs incorporate paragraphs 1 through 94, as though set forth at length in this Count.

195. On or about March 2, 2018, Gassman retained the legal services of Pauciulo and the Eckert Firm to represent him in the creation of an Agent Fund to operate as an investment vehicle and hold the securities or promissory notes from PAR Funding, as described in the facts section of this Complaint. A true and correct copy of the engagement letter is attached as Exhibit A.

196. As part of the representation, the Eckert Firm and Pauciulo were to form an Agent Fund that was legally compliant with all applicable banking or SEC regulations, including SEC Regulation D, and to prepare all necessary Fund formation documents, as well as the investor statements and other documents that would be legally required, including a PPM.

197. In or around March 23, 2018, Gassman, through the legal assistance of the Eckert Firm and Pauciulo (or other attorneys under Pauciulo's direction and supervision), formed Wellen 1.

Case ID: 201200892

198. In the engagement agreement, the Eckert Firm and Pauciulo expressly agreed that the representation necessarily would include: "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 "counseling with respect to the offering."

199. The Eckert Firm and Pauciulo failed to discharge these express contractual obligations.

200. Moreover, the Eckert Firm and Pauciulo failed to provide legal services that were consistent with legal industry standards, which is an implied promise in every legal engagement.

201. Pauciulo, and others working with him at the Eckert Firm, formed Wellen Fund 1, LLC, and prepared a PPM that did not make necessary disclosures. At no time did Pauciulo, or any other attorney from the Eckert Firm, advise Wellen 1 or Gassman that it was necessary to amend the PPM to make disclosures about the risks of investing in PAR, although Pauciulo knew or should have known of those risks.

202. Accordingly, Gassman and Wellen 1 relied on this false and misleading legal work prepared by Pauciulo and the Eckert Firm, in encouraging investors to invest in Wellen 1 which, in turn, invested in PAR Funding.

203. Defendants failed to prepare necessary documentation to ensure that Wellen 1 would be compliant with all state and federal securities laws, and did not provide appropriate counsel regarding the offering, in the following ways:

(a) Providing false and inaccurate information regarding the legality of PAR Funding's operations;

(b) Misrepresenting the safety and security of investing in PAR Funding;

(c) Failing to disclose the criminal past of PAR Funding's principal, Joseph LaForte;

Case ID: 201200892

(d) Failing to disclose a professional relationship to PAR Funding that created a conflict of interest in Defendants' representation of Plaintiffs in forming an Agent Fund to invest in PAR;

(e) Encouraging Plaintiffs to invest in PAR and to solicit others to invest in PAR;

(f) Failing to advise that the Agent Fund strategy may not be compliant with SEC Regulations;

(g) Failing to properly draft a PPM; and

(h) Failing and or refusing to provide advice and legal support to Plaintiffs, the Defendants' clients, when the assets of PAR Funding were seized by the government, and PAR Funding came under close legal scrutiny.

204. As a result of Defendants' breach of contract, Plaintiffs suffered economic losses in an amount of roughly $2.32 million, the amount of money Wellen 1 invested in PAR, excluding interest, and $601,000, the amount of money Gassman invested in ABFP Income Fund, LLC, also excluding interest and fees paid to Eckert.

205. In addition, Plaintiffs suffered consequential damages including, but not limited to, counsel fees, the loss of use of their investment, lost profits and/or interest.

WHEREFORE, Plaintiffs Joseph Gassman and Wellen Fund 1, LLC, request a judgment in their favor and against Defendants, John W. Pauciulo, Esquire and Eckert Seamans in an amount in excess of $50,000, together with lawful interest, costs of suit and any other damages the Court deems just and proper.

COUNT XI – LEGAL MALPRACTICE (TORT)
Plaintiffs David Gollner, Sherri Marini, LWM Income Fund 2, LLC, LWM Equity Fund, LP, LWM Income Fund Parallel, LLC v. Defendants

206. Plaintiffs incorporate paragraphs 1 through 95 as though set forth at length in this Count.

Case ID: 201200892

207. On or about, February 27, 2017, Gollner and Marini retained the legal services of Pauciulo and the Eckert Firm to represent them in the creation of an Agency Fund to operate as an investment vehicle and hold the securities or promissory notes from PAR Funding, as described in the facts section of this Complaint. A true and correct copy of the engagement letter is attached as Exhibit A.

208. As part of the representation, the Eckert Firm and Pauciulo were to form an Agent Fund that was legally compliant with all applicable banking or SEC regulations, including SEC Regulation D, and to prepare all necessary Fund formation documents, as well as the investor statements and other documents that would be legally required, including a PPM. Once formed, the Fund(s) would also be a client.

209. At or around February 27, 2017, through the legal assistance of the Eckert Firm and Pauciulo (or other attorneys under Pauciulo's direction and supervision), formed LWM Income Fund, LLC, which was later converted to LWM Income Parallel Fund, LLC, on May 31, 2020. Pauciulo, or other attorneys at the Eckert Firm under his direction and supervision, also formed LWM Equity Fund, LP, on February 19, 2019 and LWM Income Fund 2, LLC, on February 6, 2020 (collectively, "the Three Funds").

210. At all relevant times, Pauciulo knew, or should have known based on discussions or other communications from Gollner and/or Marini, that the Three Funds were being formed specifically to invest in PAR funding.

211. Pauciulo, and others working with him at the Eckert Firm, formed the Three Funds, and prepared a PPM for each that did not make necessary disclosures. At no time did Pauciulo, or any other Eckert attorney, advise Gollner or Marini (or the Three Funds) that it was necessary to

Case ID: 201200892

amend the PPM to make disclosures about the risks of investing in PAR, although Pauciulo knew or should have known of those risks.

212. Accordingly, Gollner, Marini, and the Three Funds relied on this false and misleading legal work prepared by Pauciulo and the Eckert Firm, in encouraging investors to invest in the Three Funds which, in turn, invested in PAR Funding.

213. Defendants were reckless, careless, and negligent when representing Plaintiffs, both generally and in the following specific ways:

(a) Providing false and inaccurate information regarding the legality of PAR Funding's operations;

(b) Misrepresenting the safety and security of investing in PAR Funding;

(c) Failing to disclose the criminal past of PAR Funding's principal, Joseph LaForte;

(d) Failing to disclose a professional relationship to PAR Funding that created a conflict of interest in Defendants' representation of Plaintiffs in forming the Three Funds to invest in PAR;

(e) Encouraging Plaintiffs to invest in PAR and to solicit others to invest in PAR;

(f) Failing to advise that the Agent Fund strategy may not be compliant with SEC Regulations;

(g) Failing to properly draft a PPM; and

(h) Failing and or refusing to provide advice and legal support to Plaintiffs, the Defendants' clients, when the assets of PAR Funding were seized by the government, and PAR Funding came under close legal scrutiny.

214. As a result of Defendants' actions and omissions, Plaintiffs suffered economic losses in an amount of $6,533,059.80, of which LWM Income Fund Parallel, LLC, invested $4,683,473 in PAR; LWM Equity Fund, LP, invested $1,213,586.80 in PAR; and LWM Income

Case ID: 201200892

Fund 2, LLC, invested $636,000 in PAR, all excluding interest. Plaintiffs also expended approximately $30,000 in legal fees paid to the Eckert Firm.

215. In addition, Plaintiffs suffered additional losses including, but not limited to, counsel fees related to the SEC investigation and expended to defend against claims from investors, as well as the loss of use of their investment.

WHEREFORE, Plaintiffs, David Gollner, Sherri Marini, LWM Income Fund Parallel, LLC, LWM Equity Fund, LP, and LWM Income Fund 2, LLC, request a judgment in their favor and against Defendants, John W. Pauciulo, Esquire, and Eckert Seamans Cherin & Mellott, LLC, in an amount in excess of $50,000, together with lawful interest, costs of suit and any other damages the Court deems just and proper.

COUNT XII - LEGAL MALPRACTICE (CONTRACT)
Plaintiffs David Gollner, Sherri Marini, LWM Income Fund 2, LLC, LWM Equity Fund, LP, LWM Income Fund Parallel, LLC v. Defendants

216. Plaintiffs incorporate paragraphs 1 through 95 as though set forth at length in this Count.

217. On or about, February 27, 2017, Gollner and Marini retained the legal services of Pauciulo and the Eckert Firm to represent them in the creation of Agent Funds to operate as investment vehicles and to hold the securities or promissory notes from PAR Funding, as described in the facts section of this Complaint. A true and correct copy of the engagement letter is attached as Exhibit A.

218. As part of the representation, the Eckert Firm and Pauciulo were to form at least one Agent Fund that was legally compliant with all applicable banking or SEC regulations, including SEC Regulation D, and to prepare all necessary fund formation documents, as well as

Case ID: 201200892

the investor statements and other documents that would be legally required, including a PPM. Once the Fund was formed, that Fund was also a client.

219. At or around February 27, 2017, Gollner and Marini, through the legal assistance of the Eckert Firm and Pauciulo (or other attorneys under Pauciulo's direction and supervision), formed LWM Income Fund, LLC, which was later converted to LWM Income Parallel Fund, LLC, on May 31, 2020. Pauciulo, or other attorneys at the Eckert Firm under his direction and supervision, also formed LWM Equity Fund, LP, on February 19, 2019 and LWM Income Fund 2, LLC, on February 6, 2020 (collectively, "the Three Funds").

220. In the engagement agreement, the Eckert Firm and Pauciulo expressly agreed that the representation necessarily would include: "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 "counseling with respect to the offering."

221. The Eckert Firm and Pauciulo failed to discharge these express contractual obligations.

222. Moreover, the Eckert Firm and Pauciulo failed to provide legal services that were consistent with legal industry standards, which is an implied promise in every legal engagement.

223. Pauciulo, and others working with him at the Eckert Firm, formed the Three Funds, and prepared a PPM for each that did not make necessary disclosures. At no time did Pauciulo, or any attorney from the Eckert Firm, advise Gollner, Marini, or the Three Funds that it was necessary to amend the PPM to make disclosures about the risks of investing in PAR, although Pauciulo knew or should have known of those risks.

Case ID: 201200892

224. Accordingly, Gollner, Marini and the Three Funds relied on this false and misleading legal work prepared by Pauciulo and the Eckert Firm, in encouraging investors to invest in the Three Funds which, in turn, invested in PAR Funding.

225. Defendants failed to prepare necessary documentation to ensure that the Three Funds would be compliant with all state and federal securities laws, and did not provide appropriate counsel regarding the offering, in the following ways:

(a) Providing false and inaccurate information regarding the legality of PAR Funding's operations;

(b) Misrepresenting the safety and security of investing in PAR Funding;

(c) Failing to disclose the criminal past of PAR Funding's principal, Joseph LaForte;

(d) Failing to disclose a professional relationship to PAR Funding that created a conflict of interest in Defendants' representation of Plaintiffs in forming the Three Funds to invest in PAR;

(e) Encouraging Plaintiffs to invest in PAR and to solicit others to invest in PAR;

(f) Failing to advise that the Agent Fund strategy may not be compliant with SEC Regulations;

(g) Failing to properly draft a PPM; and

(h) Failing and or refusing to provide advice and legal support to Plaintiffs, the Defendants' clients, when the assets of PAR Funding were seized by the government, and PAR Funding came under close legal scrutiny.

226. As a result of Defendants' actions and omissions, Plaintiffs suffered economic losses in an amount of $6,533,059.80, of which LWM Income Fund Parallel, LLC, invested $4,683,473 in PAR; LWM Equity Fund, LP, invested $1,213,586.80 in PAR; and LWM Income Fund 2, LLC, invested $636,000 in PAR, all excluding interest. Plaintiffs also expended approximately $30,000 in legal fees paid to the Eckert Firm.

Case ID: 201200892

227. In addition, Plaintiffs suffered consequential damages including, but not limited to, counsel fees, the loss of use of their investment, lost profits and/or interest.

WHEREFORE, Plaintiffs, David Gollner, Sherri Marini, LWM Income Fund Parallel, LLC, LWM Equity Fund, LP, and LWM Income Fund 2, LLC, request a judgment in their favor and against Defendants, John W. Pauciulo, Esquire, and Eckert Seamans Cherin & Mellot, LLC, in an amount in excess of $50,000, together with lawful interest, costs of suit and any other damages the Court deems just and proper.

COUNT XIII – LEGAL MALPRACTICE (TORT)
Plaintiffs Kurt Hemry and Blue Stream Income Fund, LLC v. Defendants

228. Plaintiffs incorporate paragraphs 1 through 95 as though set forth at length in this Count.

229. On or about, July 3, 2018, Hemry retained the legal services of Pauciulo and the Eckert Firm to represent him in the creation of an Agent Fund to operate as an investment vehicle and to hold the securities or promissory notes from PAR Funding, as described in the facts section of this Complaint. A true and correct copy of the engagement letter is attached as Exhibit A.

230. As part of the representation, the Eckert Firm and Pauciulo were to form an Agent Fund that was legally compliant with all applicable banking or SEC regulations, including SEC Regulation D, and to prepare all necessary Fund formation documents, as well as the investor statements and other documents that would be legally required, including a PPM.

231. In or around July 16, 2018, Hemry, through the legal assistance of the Eckert Firm and Pauciulo (or other attorneys under Pauciulo's direction and supervision), formed BSIF.

232. At all relevant times, Pauciulo knew, or should have known based on discussions or other communications from Hemry, that the Agent Fund was being formed specifically to invest in PAR Funding.

Case ID: 201200892

233. Pauciulo, and others working with him at the Eckert Firm, formed Blue Stream Income Fund, LLC, and prepared a PPM that did not make necessary disclosures. At no time did Pauciulo, or any other Eckert attorney, advise BSIF or Hemry that it was necessary to amend the PPM to make disclosures about the risks of investing in PAR, although Pauciulo knew or should have known of those risks.

234. Accordingly, Hemry and BSIF relied on this false and misleading legal work prepared by Pauciulo and the Eckert Firm, in encouraging investors to invest in BSIF which, in turn, invested in PAR Funding.

235. Defendants were reckless, careless, and negligent when representing Plaintiffs, both generally and in the following specific ways:

(a) Providing false and inaccurate information regarding the legality of PAR Funding's operations;

(b) Misrepresenting the safety and security of investing in PAR Funding;

(c) Failing to disclose the criminal past of PAR Funding's principal, Joseph LaForte;

(d) Failing to disclose a professional relationship to PAR Funding that created a conflict of interest in Defendants' representation of Plaintiffs in forming an Agent Fund to invest in PAR;

(e) Encouraging Plaintiffs to invest in PAR and to solicit others to invest in PAR;

(f) Failing to advise that the Agent Fund strategy may not be compliant with SEC Regulations;

(g) Failing to properly draft a PPM; and

(h) Failing and or refusing to provide advice and legal support to Plaintiffs, the Defendants' clients, when the assets of PAR Funding were seized by the government, and PAR Funding came under close legal scrutiny.

Case ID: 201200892

236. As a result of Defendants' actions and omissions, Plaintiffs suffered economic losses in an amount of $1,899,950, the amount of money BSIF invested in PAR, excluding interest and fees paid to Eckert.

237. In addition, Plaintiffs suffered additional losses including, but not limited to, counsel fees related to the SEC investigation and expended to defend against claims from investors, as well as the loss of use of their investment.

WHEREFORE, Plaintiffs, Kurt Hemry and Blue Stream Income Fund, LLC, request a judgment in their favor and against Defendants, John W. Pauciulo, Esquire, and Eckert Seamans Cherin & Mellott, LLC, in an amount in excess of $50,000, together with lawful interest, costs of suit and any other damages the Court deems just and proper.

COUNT XIV - LEGAL MALPRACTICE (CONTRACT)
Plaintiffs Kurt Hemry and Blue Stream Income Fund, LLC v. Defendants

238. Plaintiffs incorporate paragraphs 1 through 95 as though set forth at length in this Count.

239. On or about, July 3, 2018, Hemry retained the legal services of Pauciulo and the Eckert Firm to represent him in the creation of an Agent Fund to operate as an investment vehicle and to hold the securities or promissory notes from PAR Funding, as described in the facts section of this Complaint. A true and correct copy of the engagement letter is attached as Exhibit A.

240. As part of the representation, the Eckert Firm and Pauciulo were to form an Agent Fund that was legally compliant with all applicable banking or SEC regulations, including SEC Regulation D, and to prepare all necessary Fund formation documents, as well as the investor statements and other documents that would be legally required, including a PPM.

241. In or around July 16, 2018, Hemry, through the legal assistance of the Eckert Firm and Pauciulo (or other attorneys under Pauciulo's direction and supervision), formed BSIF.

Case ID: 201200892

242. In the engagement agreement, the Eckert Firm and Pauciulo expressly agreed that the representation necessarily would include: "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 "counseling with respect to the offering."

243. The Eckert Firm and Pauciulo failed to discharge these express contractual obligations.

244. Moreover, the Eckert Firm and Pauciulo failed to provide legal services that were consistent with legal industry standards, which is an implied promise in every legal engagement.

245. Pauciulo, and others working with him at the Eckert Firm, formed Blue Stream Income Fund, LLC, and prepared a PPM that did not make necessary disclosures. At no time did Pauciulo, or any attorney from the Eckert Firm, advise BSIF or Hemry that it was necessary to amend the PPM to make disclosures about the risks of investing in PAR, although Pauciulo knew or should have known of those risks.

246. Accordingly, Hemry and BSIF relied on this false and misleading legal work prepared by Pauciulo and the Eckert Firm, in encouraging investors to invest in BSIF which, in turn, invested in PAR Funding.

247. Defendants failed to prepare necessary documentation to ensure that BSIF would be compliant with all state and federal securities laws, and did not provide appropriate counsel regarding the offering, in the following ways:

(a) Providing false and inaccurate information regarding the legality of PAR Funding's operations;

(b) Misrepresenting the safety and security of investing in PAR Funding;

(c) Failing to disclose the criminal past of PAR Funding's principal, Joseph LaForte;

Case ID: 201200892

(d) Failing to disclose a professional relationship to PAR Funding that created a conflict of interest in Defendants' representation of Plaintiffs in forming an Agent Fund to invest in PAR;

(e) Encouraging Plaintiffs to invest in PAR and to solicit others to invest in PAR;

(f) Failing to advise that the Agent Fund strategy may not be compliant with SEC Regulations;

(g) Failing to properly draft a PPM; and

(h) Failing and or refusing to provide advice and legal support to Plaintiffs, the Defendants' clients, when the assets of PAR Funding were seized by the government, and PAR Funding came under close legal scrutiny.

248. As a result of Defendants' breach of contract, Plaintiffs suffered economic losses in an amount of $1,899,950, the amount of money BSIF invested in PAR, excluding interest and fees paid to Eckert.

249. In addition, Plaintiffs suffered consequential damages including, but not limited to, counsel fees, the loss of use of their investment, lost profits and/or interest.

WHEREFORE, Plaintiffs, Kurt Hemry and Blue Stream Income Fund, LLC, request a judgment in their favor and against Defendants, John W. Pauciulo, Esquire, and Eckert Seamans Cherin & Mellott, LLC, in an amount in excess of $50,000, together with lawful interest, costs of suit and any other damages the Court deems just and proper.

COUNT XV – LEGAL MALPRACTICE (TORT)
Plaintiffs Andrew McKinley and Jade Funding, LLC v. Defendants

250. Plaintiffs incorporate paragraphs 1 through 95 as though set forth at length in this Count.

251. On or about, August 5, 2019, McKinley retained the legal services of Pauciulo and the Eckert Firm to represent him in the creation of an Agent Fund to operate as an investment vehicle and to hold the securities or promissory notes from PAR Funding, as described in the facts

Case ID: 201200892

section of this Complaint. A true and correct copy of the engagement letter is attached as Exhibit A.

252. As part of the representation, the Eckert Firm and Pauciulo were to form an Agent Fund that was legally compliant with all applicable banking or SEC regulations, including SEC Regulation D, and to prepare all necessary Fund formation documents, as well as the investor statements and other documents that would be legally required, including a PPM.

253. In or around August 19, 2019, McKinley, through the legal assistance of the Eckert Firm and Pauciulo (or other attorneys under Pauciulo's direction and supervision), formed Jade Funding.

254. At all relevant times, Pauciulo knew, or should have known based on discussions or other communications from McKinley, that the Agent Fund was being formed specifically to invest in PAR Funding.

255. Pauciulo, and others working with him at the Eckert Firm, formed Jade Funding, LLC, and prepared a PPM that did not make necessary disclosures. At no time did Pauciulo, or any other Eckert attorney, advise Jade Funding or McKinley that it was necessary to amend the PPM to make disclosures about the risks of investing in PAR, although Pauciulo knew or should have known of those risks.

256. Accordingly, McKinley and Jade Funding relied on this false and misleading legal work prepared by Pauciulo and the Eckert Firm, in encouraging investors to invest in Jade Funding which, in turn, invested in PAR Funding.

257. Defendants were reckless, careless, and negligent when representing Plaintiffs, both generally and in the following specific ways:

(a) Providing false and inaccurate information regarding the legality of PAR Funding's operations;

Case ID: 201200892

(b) Misrepresenting the safety and security of investing in PAR Funding;

(c) Failing to disclose the criminal past of PAR Funding's principal, Joseph LaForte;

(d) Failing to disclose a professional relationship to PAR Funding that created a conflict of interest in Defendants' representation of Plaintiffs in forming an Agent Fund to invest in PAR;

(e) Encouraging Plaintiffs to invest in PAR and to solicit others to invest in PAR;

(f) Failing to advise that the Agent Fund strategy may not be compliant with SEC Regulations;

(g) Failing to properly draft a PPM; and

(h) Failing and or refusing to provide advice and legal support to Plaintiffs, the Defendants' clients, when the assets of PAR Funding were seized by the government, and PAR Funding came under close legal scrutiny.

258. As a result of Defendants' actions and omissions, Plaintiffs suffered economic losses in an amount of at least $201,000, the amount of money Jade Funding invested in PAR, excluding interest, and $15,000, the amount of money McKinley invested in Jade Funding, also excluding interest and both excluding fees paid to Eckert.

259. In addition, Plaintiffs suffered additional losses including, but not limited to, counsel fees related to the SEC investigation and expended to defend against claims from investors, as well as the loss of use of their investment.

WHEREFORE, Plaintiffs, Andrew McKinley and Jade Funding, LLC, request a judgment in their favor and against Defendants, John W. Pauciulo, Esquire, and Eckert Seamans Cherin & Mellott, LLC, in an amount in excess of $50,000, together with lawful interest, costs of suit and any other damages the Court deems just and proper.

Case ID: 201200892

COUNT XVI - LEGAL MALPRACTICE (CONTRACT)
Plaintiffs Andrew McKinley and Jade Funding, LLC v. Defendants

260. Plaintiffs incorporate paragraphs 1 through 95 as though set forth at length in this Count.

261. On or about, August 5, 2019, McKinley retained the legal services of Pauciulo and the Eckert Firm to represent him in the creation of an Agent Fund to operate as an investment vehicle and to hold the securities or promissory notes from PAR Funding, as described in the facts section of this Complaint. A true and correct copy of the engagement letter is attached as Exhibit A.

262. As part of the representation, the Eckert Firm and Pauciulo were to form an Agency Fund that was legally compliant with all applicable banking or SEC regulations, including SEC Regulation D, and to prepare all necessary Fund formation documents, as well as the investor statements and other documents that would be legally required, including a PPM.

263. In or around August 19, 2019, McKinley, through the legal assistance of the Eckert Firm and Pauciulo (or other attorneys under Pauciulo's direction and supervision), formed Jade Funding.

264. In the engagement agreement, the Eckert Firm and Pauciulo expressly agreed that the representation necessarily would include: "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 "counseling with respect to the offering."

265. The Eckert Firm and Pauciulo failed to discharge these express contractual obligations.

266. Moreover, the Eckert Firm and Pauciulo failed to provide legal services that were consistent with legal industry standards, which is an implied promise in every legal engagement.

Case ID: 201200892

267. Pauciulo, and others working with him at the Eckert Firm, formed Jade Funding, LLC, and prepared a PPM that did not make necessary disclosures. At no time did Pauciulo, or any attorney from the Eckert Firm, advise Jade Funding or McKinley that it was necessary to amend the PPM to make disclosures about the risks of investing in PAR, although Pauciulo knew or should have known of those risks.

268. Accordingly, McKinley and Jade Funding relied on this false and misleading legal work prepared by Pauciulo and the Eckert Firm, in encouraging investors to invest in Jade Funding which, in turn, invested in PAR Funding.

269. Defendants failed to prepare necessary documentation to ensure that MIF would be compliant with all state and federal securities laws, and did not provide appropriate counsel regarding the offering, in the following ways:

(a) Providing false and inaccurate information regarding the legality of PAR Funding's operations;

(b) Misrepresenting the safety and security of investing in PAR Funding;

(c) Failing to disclose the criminal past of PAR Funding's principal, Joseph LaForte;

(d) Failing to disclose a professional relationship to PAR Funding that created a conflict of interest in Defendants' representation of Plaintiffs in forming an Agent Fund to invest in PAR;

(e) Encouraging Plaintiffs to invest in PAR and to solicit others to invest in PAR;

(f) Failing to advise that the Agent Fund strategy may not be compliant with SEC Regulations;

(g) Failing to properly draft a PPM; and

(h) Failing and or refusing to provide advice and legal support to Plaintiffs, the Defendants' clients, when the assets of PAR Funding were seized by the government, and PAR Funding came under close legal scrutiny.

Case ID: 201200892

270. As a result of Defendants' breach of contract, Plaintiffs suffered economic losses in an amount of at least $201,000, the amount of money Jade Funding invested in PAR, excluding interest, and $15,000, the amount of money McKinley invested in Jade Funding, also excluding interest and both excluding fees paid to Eckert.

271. In addition, Plaintiffs suffered consequential damages including, but not limited to, counsel fees, the loss of use of their investment, lost profits and/or interest.

WHEREFORE, Plaintiffs, Andrew McKinley and Jade Funding, LLC, request a judgment in their favor and against Defendants, John W. Pauciulo, Esquire, and Eckert Seamans Cherin & Mellott, LLC, in an amount in excess of $50,000, together with lawful interest, costs of suit and any other damages the Court deems just and proper.

COUNT XVII – LEGAL MALPRACTICE (TORT)
Plaintiffs Christopher McMorrow and M.K. One Income Fund, LLC v. Defendants

272. Plaintiffs incorporate paragraphs 1 through 95 as though set forth at length in this Count.

273. On or about, September 28, 2018, McMorrow retained the legal services of Pauciulo and the Eckert Firm to represent him in the creation of an Agent Fund to operate as an investment vehicle and to hold the securities or promissory notes from PAR Funding, as described in the facts section of this Complaint. A true and correct copy of the engagement letter is attached as Exhibit A.

274. As part of the representation, the Eckert Firm and Pauciulo were to form an Agency Fund that was legally compliant with all applicable banking or SEC regulations, including SEC Regulation D, and to prepare all necessary Fund formation documents, as well as the investor statements and other documents that would be legally required, including a PPM.

Case ID: 201200892

275. In or around November 2, 2018, McMorrow, through the legal assistance of the Eckert Firm and Pauciulo (or other attorneys under Pauciulo's direction and supervision), formed MKOIF.

276. At all relevant times, Pauciulo knew, or should have known based on discussions or other communications from McMorrow, that the Agent Fund was being formed specifically to invest in PAR funding.

277. Pauciulo, and others working with him at the Eckert Firm, formed M.K. One Income Fund, LLC, and prepared a PPM that did not make necessary disclosures. At no time did Pauciulo, or any other Eckert attorney, advise MKOIF or McMorrow that it was necessary to amend the PPM to make disclosures about the risks of investing in PAR, although Pauciulo knew or should have known of those risks.

278. Accordingly, McMorrow and MKOIF relied on this false and misleading legal work prepared by Pauciulo and the Eckert Firm, in encouraging investors to invest in MKOIF which, in turn, invested in PAR Funding.

279. Defendants were reckless, careless, and negligent when representing Plaintiffs, both generally and in the following specific ways:

(a) Providing false and inaccurate information regarding the legality of PAR Funding's operations;

(b) Misrepresenting the safety and security of investing in PAR Funding;

(c) Failing to disclose the criminal past of PAR Funding's principal, Joseph LaForte;

(d) Failing to disclose a professional relationship to PAR Funding that created a conflict of interest in Defendants' representation of Plaintiffs in forming an Agent Fund to invest in PAR;

(e) Encouraging Plaintiffs to invest in PAR and to solicit others to invest in PAR;

Case ID: 201200892

(f) Failing to advise that the Agent Fund strategy may not be compliant with SEC Regulations;

(g) Failing to properly draft a PPM; and

(h) Failing and or refusing to provide advice and legal support to Plaintiffs, the Defendants' clients, when the assets of PAR Funding were seized by the government, and PAR Funding came under close legal scrutiny.

280. As a result of Defendants' actions and omissions, Plaintiffs suffered economic losses in an amount of at least $1,343,544, the amount of money MKOIF invested in PAR, excluding interest, and $10,000, the amount of money McMorrow invested in MKOIF, excluding interest and fees paid to Eckert.

281. In addition, Plaintiffs suffered additional losses including, but not limited to, counsel fees related to the SEC investigation and expended to defend against claims from investors, as well as the loss of use of their investment, and lost business referrals.

WHEREFORE, Plaintiffs, Christopher McMorrow and M.K. One Income Fund, LLC, request a judgment in their favor and against Defendants, John W. Pauciulo, Esquire, and Eckert Seamans Cherin & Mellott, LLC, in an amount in excess of $50,000, together with lawful interest, costs of suit and any other damages the Court deems just and proper.

COUNT XVIII - LEGAL MALPRACTICE (CONTRACT)
Plaintiffs Christopher McMorrow and M.K. One Income Fund, LLC v. Defendants

282. Plaintiffs incorporate paragraphs 1 through 95 as though set forth at length in this Count.

283. On or about, September 28, 2018, McMorrow retained the legal services of Pauciulo and the Eckert Firm to represent him in the creation of an Agent Fund to operate as an investment vehicle and to hold the securities or promissory notes from PAR Funding, as described

Case ID: 201200892

in the facts section of this Complaint. A true and correct copy of the engagement letter is attached as Exhibit A.

284. As part of the representation, the Eckert Firm and Pauciulo were to form an Agent Fund that was legally compliant with all applicable banking or SEC regulations, including SEC Regulation D, and to prepare all necessary Fund formation documents, as well as the investor statements and other documents that would be legally required, including a PPM.

285. In or around November 2, 2018, McMorrow, through the legal assistance of the Eckert Firm and Pauciulo (or other attorneys under Pauciulo's direction and supervision), formed MKOIF.

286. In the engagement agreement, the Eckert Firm and Pauciulo expressly agreed that the representation necessarily would include: "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 "counseling with respect to the offering."

287. The Eckert Firm and Pauciulo failed to discharge these express contractual obligations.

288. Moreover, the Eckert Firm and Pauciulo failed to provide legal services that were consistent with legal industry standards, which is an implied promise in every legal engagement.

289. Pauciulo, and others working with him at the Eckert Firm, formed the M.K. One Income Fund, LLC, and prepared a PPM that did not make necessary disclosures. At no time did Pauciulo, or any attorney from the Eckert Firm, advise MKOIF or McMorrow that it was necessary to amend the PPM to make disclosures about the risks of investing in PAR, although Pauciulo knew or should have known of those risks.

Case ID: 201200892

290. Accordingly, McMorrow and MKOIF relied on this false and misleading legal work prepared by Pauciulo and the Eckert Firm, in encouraging investors to invest in MKOIF which, in turn, invested in PAR Funding.

291. Defendants failed to prepare necessary documentation to ensure that MKOIF would be compliant with all state and federal securities laws, and did not provide appropriate counsel regarding the offering, in the following ways:

(a) Providing false and inaccurate information regarding the legality of PAR Funding's operations;

(b) Misrepresenting the safety and security of investing in PAR Funding;

(c) Failing to disclose the criminal past of PAR Funding's principal, Joseph LaForte;

(d) Failing to disclose a professional relationship to PAR Funding that created a conflict of interest in Defendants' representation of Plaintiffs in forming an Agent Fund to invest in PAR;

(e) Encouraging Plaintiffs to invest in PAR and to solicit others to invest in PAR;

(f) Failing to advise that the Agent Fund strategy may not be compliant with SEC Regulations;

(g) Failing to properly draft a PPM; and

(h) Failing and or refusing to provide advice and legal support to Plaintiffs, the Defendants' clients, when the assets of PAR Funding were seized by the government, and PAR Funding came under close legal scrutiny.

292. As a result of Defendants' breach of contract, Plaintiffs suffered economic losses in an amount of at least $1,353,455, the amount of money MKOIF invested in PAR, excluding interest, and $10,000, the amount of money McMorrow invested in MKOIF, excluding interest and fees paid to Eckert.

Case ID: 201200892

293. In addition, Plaintiffs suffered consequential damages including, but not limited to, counsel fees, the loss of use of their investment, lost profits and/or interest, and loss of business referrals.

WHEREFORE, Plaintiffs, Christopher McMorrow and M.K. One Income Fund, LLC, request a judgment in their favor and against Defendants, John W. Pauciulo, Esquire, and Eckert Seamans Cherin & Mellott, LLC, in an amount in excess of $50,000, together with lawful interest, costs of suit and any other damages the Court deems just and proper.

COUNT XIX – LEGAL MALPRACTICE (TORT)
Plaintiffs Mark Nardelli and GR8 Income Fund, LLC v. Defendants

294. Plaintiffs incorporate paragraphs 1 through 95 as though set forth at length in this Count.

295. On or about, November 13, 2018, Nardelli retained the legal services of Pauciulo and the Eckert Firm to represent him in the creation of an Agent Fund to operate as an investment vehicle and to hold the securities or promissory notes from PAR Funding, as described in the facts section of this Complaint. A true and correct copy of the engagement letter is attached as Exhibit A.

296. As part of the representation, the Eckert Firm and Pauciulo were to form an Agent Fund that was legally compliant with all applicable banking or SEC regulations, including SEC Regulation D, and to prepare all necessary Fund formation documents, as well as the investor statements and other documents that would be legally required, including a PPM.

297. In or around February 25, 2019, Nardelli, through the legal assistance of the Eckert Firm and Pauciulo (or other attorneys under Pauciulo's direction and supervision), formed GR8 Income Fund.

Case ID: 201200892

298. At all relevant times, Pauciulo knew, or should have known based on discussions or other communications from Nardelli, that the Agent Fund was being formed specifically to invest in PAR Funding.

299. Pauciulo, and others working with him at the Eckert Firm, formed GR8 Income Fund, LLC, and prepared a PPM that did not make necessary disclosures. At no time did Pauciulo, or any other Eckert attorney, advise GR8 Income Fund or Nardelli that it was necessary to amend the PPM to make disclosures about the risks of investing in PAR, although Pauciulo knew or should have known of those risks.

300. Accordingly, Nardelli and GR8 Income Fund relied on this false and misleading legal work prepared by Pauciulo and the Eckert Firm, in encouraging investors to invest in GR8 Income Fund which, in turn, invested in PAR Funding.

301. Defendants were reckless, careless, and negligent when representing Plaintiffs, both generally and in the following specific ways:

(a) Providing false and inaccurate information regarding the legality of PAR Funding's operations;

(b) Misrepresenting the safety and security of investing in PAR Funding;

(c) Failing to disclose the criminal past of PAR Funding's principal, Joseph LaForte;

(d) Failing to disclose a professional relationship to PAR Funding that created a conflict of interest in Defendants' representation of Plaintiffs in forming an Agent Fund to invest in PAR;

(e) Encouraging Plaintiffs to invest in PAR and to solicit others to invest in PAR;

(f) Failing to advise that the Agent Fund strategy may not be compliant with SEC Regulations;

(g) Failing to properly draft a PPM; and

Case ID: 201200892

(h) Failing and or refusing to provide advice and legal support to Plaintiffs, the Defendants' clients, when the assets of PAR Funding were seized by the government, and PAR Funding came under close legal scrutiny.

302. As a result of Defendants' actions and omissions, Plaintiffs suffered economic losses in an amount of $1,380,000 the amount of money GR8 Income Fund invested in PAR, excluding interest and fees paid to Eckert.

303. In addition, Plaintiffs suffered additional losses including, but not limited to, counsel fees related to the SEC investigation and expended to defend against claims from investors, as well as the loss of use of their investment.

WHEREFORE, Plaintiffs, Mark Nardelli and GR8 Income Fund, LLC, request a judgment in their favor and against Defendants, John W. Pauciulo, Esquire, and Eckert Seamans Cherin & Mellott, LLC, in an amount in excess of $50,000, together with lawful interest, costs of suit and any other damages the Court deems just and proper.

COUNT XX - LEGAL MALPRACTICE (CONTRACT)
Plaintiffs Mark Nardelli and GR8 Income Fund, LLC v. Defendants

304. Plaintiffs incorporate paragraphs 1 through 95 as though set forth at length in this Count.

305. On or about, November 13, 2018, Nardelli retained the legal services of Pauciulo and the Eckert Firm to represent him in the creation of an Agent Fund to operate as an investment vehicle and to hold the securities or promissory notes from PAR Funding, as described in the facts section of this Complaint. A true and correct copy of the engagement letter is attached as Exhibit A.

306. As part of the representation, the Eckert Firm and Pauciulo were to form an Agent Fund that was legally compliant with all applicable banking or SEC regulations, including SEC

Case ID: 201200892

Regulation D, and to prepare all necessary Fund formation documents, as well as the investor statements and other documents that would be legally required, including a PPM.

307. In or around February 25, 2019, Nardelli, through the legal assistance of the Eckert Firm and Pauciulo (or other attorneys under Pauciulo's direction and supervision), formed GR8 Income Fund.

308. In the engagement agreement, the Eckert Firm and Pauciulo expressly agreed that the representation necessarily would include: "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 "counseling with respect to the offering."

309. The Eckert Firm and Pauciulo failed to discharge these express contractual obligations.

310. Moreover, the Eckert Firm and Pauciulo failed to provide legal services that were consistent with legal industry standards, which is an implied promise in every legal engagement.

311. Pauciulo, and others working with him at the Eckert Firm, formed GR8 Income Fund, LLC, and prepared a PPM that did not make necessary disclosures. At no time did Pauciulo, or any attorney from the Eckert Firm, advise GR8 Income Fund or Nardelli that it was necessary to amend the PPM to make disclosures about the risks of investing in PAR, although Pauciulo knew or should have known of those risks.

312. Accordingly, Nardelli and GR8 Income Fund relied on this false and misleading legal work prepared by Pauciulo and the Eckert Firm, in encouraging investors to invest in GR8 Income Fund which, in turn, invested in PAR Funding.

Case ID: 201200892

313. Defendants failed to prepare necessary documentation to ensure that GR8 Income Fund would be compliant with all state and federal securities laws, and did not provide appropriate counsel regarding the offering, in the following ways:

(a) Providing false and inaccurate information regarding the legality of PAR Funding's operations;

(b) Misrepresenting the safety and security of investing in PAR Funding;

(c) Failing to disclose the criminal past of PAR Funding's principal, Joseph LaForte;

(d) Failing to disclose a professional relationship to PAR Funding that created a conflict of interest in Defendants' representation of Plaintiffs in forming an Agent Fund to invest in PAR;

(e) Encouraging Plaintiffs to invest in PAR and to solicit others to invest in PAR;

(f) Failing to advise that the Agent Fund strategy may not be compliant with SEC Regulations;

(g) Failing to properly draft a PPM; and

(h) Failing and or refusing to provide advice and legal support to Plaintiffs, the Defendants' clients, when the assets of PAR Funding were seized by the government, and PAR Funding came under close legal scrutiny.

314. As a result of Defendants' breach of contract, Plaintiffs suffered economic losses in an amount of $1,380,000 the amount of money GR8 Income Fund invested in PAR, excluding interest and fees paid to Eckert.

315. In addition, Plaintiffs suffered consequential damages including, but not limited to, counsel fees, the loss of use of their investment, lost profits and/or interest.

WHEREFORE, Plaintiffs, Mark Nardelli and GR8 Income Fund, LLC, request a judgment in their favor and against Defendants, John W. Pauciulo, Esquire, and Eckert Seamans

Cherin & Mellott, LLC, in an amount in excess of $50,000, together with lawful interest, costs of suit and any other damages the Court deems just and proper.

COUNT XXI – LEGAL MALPRACTICE (TORT)
Plaintiffs Paul Nick and STFG Income Fund, LLC v. Defendants

316. Plaintiffs incorporate paragraphs 1 through 95 as though set forth at length in this Count.

317. On or about, August 8, 2018, Nick retained the legal services of Pauciulo and the Eckert Firm to represent him in the creation of an Agent Fund to operate as an investment vehicle and to hold the securities or promissory notes from PAR Funding, as described in the facts section of this Complaint. A true and correct copy of the engagement letter is attached as Exhibit A.

318. As part of the representation, the Eckert Firm and Pauciulo were to form an Agent Fund that was legally compliant with all applicable banking or SEC regulations, including SEC Regulation D, and to prepare all necessary Fund formation documents, as well as the investor statements and other documents that would be legally required, including a PPM.

319. In or around September 6, 2018, Nick, through the legal assistance of the Eckert Firm and Pauciulo (or other Eckert attorneys under Pauciulo's direct and supervision), formed STFG Income Fund, LLC.

320. At all relevant times, Pauciulo knew, or should have known based on discussions or other communications from Nick, that the Agent Fund was being formed specifically to invest in PAR Funding.

321. Pauciulo, and others working with him at the Eckert Firm, formed STFG Income Fund, LLC, and prepared a PPM that did not make necessary disclosures. At no time did Pauciulo, or any other Eckert attorney, advise STFG or Nick that it was necessary to amend the PPM to

Case ID: 201200892

make disclosures about the risks of investing in PAR, although Pauciulo knew or should have known of those risks.

322. Accordingly, Nick and STFG relied on this false and misleading legal work prepared by Pauciulo and the Eckert Firm, in encouraging investors to invest in STFG which, in turn, invested in PAR Funding.

323. Defendants were reckless, careless, and negligent when representing Plaintiffs, both generally and in the following specific ways:

(a) Providing false and inaccurate information regarding the legality of PAR Funding's operations;

(b) Misrepresenting the safety and security of investing in PAR Funding;

(c) Failing to disclose the criminal past of PAR Funding's principal, Joseph LaForte;

(d) Failing to disclose a professional relationship to PAR Funding that created a conflict of interest in Defendants' representation of Plaintiffs in forming an Agent Fund to invest in PAR;

(e) Encouraging Plaintiffs to invest in PAR and to solicit others to invest in PAR;

(f) Failing to advise that the Agent Fund strategy may not be compliant with SEC Regulations;

(g) Failing to properly draft a PPM;

(h) Failing and or refusing to provide advice and legal support to Plaintiffs, the Defendants' clients, when the assets of PAR Funding were seized by the government, and PAR Funding came under close legal scrutiny;

(i) Failing to disclose that PAR Funding and Dean Vagnozzi were under investigation by Pennsylvania & New Jersey State Securities and Banking Authorities at the time the Eckert Firm and Pauciulo prepared STFG Income Fund, LLC PPM documents; and

(j) Expressly denying, when the media broke with stories of the regulatory fines for both Dean Vagnozzi and PAR Funding, that STFG needed to add

Case ID: 201200892

> disclosures, instead responding to Nick's questions on that subject, by stating, "it [the news] was not material to STFG and disclosures were not needed."

324. As a result of Defendants' actions and omissions, Plaintiffs suffered economic losses in an amount of $8,000,000, the amount of money STFG invested in PAR, excluding interest and fees paid to Eckert.

325. In addition, Plaintiffs suffered additional losses including, but not limited to, counsel fees related to the SEC investigation and expended to defend against claims from investors, as well as the loss of use of their investment.

WHEREFORE, Plaintiffs, Paul Nick and STFG Income Fund, LLC, request a judgment in their favor and against Defendants, John W. Pauciulo, Esquire, and Eckert Seamans Cherin & Mellott, LLC, in an amount in excess of $50,000, together with lawful interest, costs of suit and any other damages the Court deems just and proper.

COUNT XXII - LEGAL MALPRACTICE (CONTRACT)
Plaintiffs Paul Nick and STFG Income Fund, LLC v. Defendants

326. Plaintiffs incorporate paragraphs 1 through 95 as though set forth at length in this Count.

327. On or about, August 8, 2018, Nick retained the legal services of Pauciulo and the Eckert Firm to represent him in the creation of an Agent Fund to operate as an investment vehicle and to hold the securities or promissory notes from PAR Funding, as described in the facts section of this Complaint. A true and correct copy of the engagement letter is attached as Exhibit A.

328. As part of the representation, the Eckert Firm and Pauciulo were to form an Agent Fund that was legally compliant with all applicable banking or SEC regulations, including SEC Regulation D, and to prepare all necessary Fund formation documents, as well as the investor statements and other documents that would be legally required, including a PPM.

Case ID: 201200892

329. In or around September 6, 2018, Nick, through the legal assistance of the Eckert Firm and Pauciulo (or other attorneys under Pauciulo's direction and supervision), formed STFG.

330. In the engagement agreement, the Eckert Firm and Pauciulo expressly agreed that the representation necessarily would include: "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 "counseling with respect to the offering."

331. The Eckert Firm and Pauciulo failed to discharge these express contractual obligations.

332. Moreover, the Eckert Firm and Pauciulo failed to provide legal services that were consistent with legal industry standards, which is an implied promise in every legal engagement.

333. Pauciulo, and others working with him at the Eckert Firm, formed STFG Income Fund, LLC, and prepared a PPM that did not make necessary disclosures. At no time did Pauciulo, or any attorney from the Eckert Firm, advise STFG or Nick that it was necessary to amend the PPM to make disclosures about the risks of investing in PAR, although Pauciulo knew or should have known of those risks.

334. Accordingly, Nick and STFG relied on this false and misleading legal work prepared by Pauciulo and the Eckert Firm, in encouraging investors to invest in STFG which, in turn, invested in PAR Funding.

335. Defendants failed to prepare necessary documentation to ensure that STFG would be compliant with all state and federal securities laws, and did not provide appropriate counsel regarding the offering, in the following ways:

(a) Providing false and inaccurate information regarding the legality of PAR Funding's operations;

(b) Misrepresenting the safety and security of investing in PAR Funding;

Case ID: 201200892

(c) Failing to disclose the criminal past of PAR Funding's principal, Joseph LaForte;

(d) Failing to disclose a professional relationship to PAR Funding that created a conflict of interest in Defendants' representation of Plaintiffs in forming an Agent Fund to invest in PAR;

(e) Encouraging Plaintiffs to invest in PAR and to solicit others to invest in PAR;

(f) Failing to advise that the Agent Fund strategy may not be compliant with SEC Regulations;

(g) Failing to properly draft a PPM; and

(h) Failing and or refusing to provide advice and legal support to Plaintiffs, the Defendants' clients, when the assets of PAR Funding were seized by the government, and PAR Funding came under close legal scrutiny.

336. As a result of Defendants' breach of contract, Plaintiffs suffered economic losses in an amount of $8,000,000, the amount of money STFG invested in PAR, excluding interest and fees paid to Eckert.

337. In addition, Plaintiffs suffered consequential damages including, but not limited to, counsel fees, the loss of use of their investment, lost profits and/or interest.

WHEREFORE, Plaintiffs, Paul Nick and STFG Income Fund, LLC, request a judgment in their favor and against Defendants, John W. Pauciulo, Esquire, and Eckert Seamans Cherin & Mellott, LLC, in an amount in excess of $50,000, together with lawful interest, costs of suit and any other damages the Court deems just and proper.

COUNT XXIII – LEGAL MALPRACTICE (TORT)
Plaintiffs Dean Parker, Davis Parker, and RAZR MCA Fund, LLC v. Defendants

338. Plaintiffs incorporate paragraphs 1 through 95 as though set forth at length in this Count.

Case ID: 201200892

339. On or about, August 22, 2018, Dean Parker and Davis Parker retained the legal services of Pauciulo and the Eckert Firm to represent them in the creation of an Agent Fund to operate as an investment vehicle and to hold the securities or promissory notes from PAR Funding, as described in the facts section of this Complaint. A true and correct copy of the engagement letter is attached as Exhibit A.

340. As part of the representation, the Eckert Firm and Pauciulo were to form an Agent Fund that was legally compliant with all applicable banking or SEC regulations, including SEC Regulation D, and to prepare all necessary Fund formation documents, as well as the investor statements and other documents that would be legally required, including a PPM.

341. In or around August 23, 2018, Dean Parker and Davis Parker, through the legal assistance of the Eckert Firm and Pauciulo (or other attorneys under Pauciulo's direction and supervision), formed RAZR.

342. At all relevant times, Pauciulo knew, or should have known based on discussions or other communications from the Parkers, that the Agent Fund was being formed specifically to invest in PAR Funding.

343. Pauciulo, and others working with him at the Eckert Firm, formed RAZR MCA Fund, LLC, and prepared a PPM that did not make necessary disclosures. At no time did Pauciulo, or any other Eckert attorney, advise RAZR or the Parkers that it was necessary to amend the PPM to make disclosures about the risks of investing in PAR, although Pauciulo knew or should have known of those risks.

344. Accordingly, the Parkers and RAZR relied on this false and misleading legal work prepared by Pauciulo and the Eckert Firm, in encouraging investors to invest in RAZR which, in turn, invested in PAR Funding.

Case ID: 201200892

345. Defendants were reckless, careless, and negligent when representing Plaintiffs, both generally and in the following specific ways:

(a) Providing false and inaccurate information regarding the legality of PAR Funding's operations;

(b) Misrepresenting the safety and security of investing in PAR Funding in live and pre-recorded messages from Pauciulo, and in written materials prepared by him and/or the Eckert Firm;

(c) Failing to disclose the criminal past of PAR Funding's principal, Joseph LaForte;

(d) Failing to disclose a professional relationship to PAR Funding that created a conflict of interest in Defendants' representation of Plaintiffs in forming an Agency Fund to invest in PAR;

(e) Encouraging Plaintiffs to invest in PAR and to solicit others to invest in PAR by, among other ways, referring to Pauciulo's decades of experience as an attorney for the SEC before his time began at Eckert;

(f) Failing to advise that the Agent Fund strategy may not be compliant with SEC Regulations;

(g) Failing to properly draft a PPM; and

(h) Failing and or refusing to provide advice and legal support to Plaintiffs, the Defendants' clients, when the assets of PAR Funding were seized by the government, and PAR Funding came under close legal scrutiny.

346. As a result of Defendants' actions and omissions, Plaintiffs suffered economic losses in an amount of $987,300.32, the amount of money RAZR invested in PAR, excluding interest, and in excess of $2,100,000, the amount the Parkers directly invested into PAR or into PAR through another fund. Plaintiffs also paid the Eckert Firm $17,000 in legal fees.

347. In addition, Plaintiffs suffered additional losses including, but not limited to, counsel fees related to the SEC investigation and expended to defend against claims from investors, as well as the loss of use of their investment.

Case ID: 201200892

WHEREFORE, Plaintiffs, Dean Parker, Davis Parker, and RAZR MCA Fund, LLC, request a judgment in their favor and against Defendants, John W. Pauciulo, Esquire, and Eckert Seamans Cherin & Mellott, LLC, in an amount in excess of $50,000, together with lawful interest, costs of suit and any other damages the Court deems just and proper.

COUNT XXIV- LEGAL MALPRACTICE (CONTRACT)
Plaintiffs Dean Parker, Davis Parker, and RAZR MCA Fund, LLC v. Defendants

348. Plaintiffs incorporate paragraphs 1 through 95 as though set forth at length in this Count.

349. On or about, August 22, 2018, Dean Parker and Davis Parker retained the legal services of Pauciulo and the Eckert Firm to represent them in the creation of an Agent Fund to operate as an investment vehicle and to hold the securities or promissory notes from PAR Funding, as described in the facts section of this Complaint. A true and correct copy of the engagement letter is attached as Exhibit A.

350. As part of the representation, the Eckert Firm and Pauciulo were to form an Agent Fund that was legally compliant with all applicable banking or SEC regulations, including SEC Regulation D, and to prepare all necessary Fund formation documents, as well as the investor statements and other documents that would be legally required, including a PPM.

351. In or around August 23, 2018, the Parkers, through the legal assistance of the Eckert Firm and Pauciulo (or other attorneys under Pauciulo's direction and supervision), formed RAZR MCA Fund, LLC.

352. In the engagement agreement, the Eckert Firm and Pauciulo expressly agreed that the representation necessarily would include: "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 "counseling with respect to the offering."

Case ID: 201200892

353. The Eckert Firm and Pauciulo failed to discharge these express contractual obligations.

354. Moreover, the Eckert Firm and Pauciulo failed to provide legal services that were consistent with legal industry standards, which is an implied promise in every legal engagement.

355. Pauciulo, and others working with him at the Eckert Firm, formed RAZR MCA Fund, LLC, and prepared a PPM that did not make necessary disclosures. At no time did Pauciulo, or any attorney from the Eckert Firm, advise RAZR or the Parkers that it was necessary to amend the PPM to make disclosures about the risks of investing in PAR, although Pauciulo knew or should have known of those risks.

356. Accordingly, the Parkers and RAZR relied on this false and misleading legal work prepared by Pauciulo and the Eckert Firm, in encouraging investors to invest in RAZR which, in turn, invested in PAR Funding.

357. Defendants failed to prepare necessary documentation to ensure that RAZR would be compliant with all state and federal securities laws, and did not provide appropriate counsel regarding the offering, in the following ways:

(a) Providing false and inaccurate information regarding the legality of PAR Funding's operations;

(b) Misrepresenting the safety and security of investing in PAR Funding in live and pre-recorded messages from Pauciulo, and in written materials prepared by him and/or the Eckert Firm;

(c) Failing to disclose the criminal past of PAR Funding's principal, Joseph LaForte;

(d) Failing to disclose a professional relationship to PAR Funding that created a conflict of interest in Defendants' representation of Plaintiffs in forming an Agency Fund to invest in PAR;

Case ID: 201200892

(e) Encouraging Plaintiffs to invest in PAR and to solicit others to invest in PAR by, among other ways, referring to Pauciulo's decades of experience as an attorney for the SEC before his time began at Eckert;

(f) Failing to advise that the Agent Fund strategy may not be compliant with SEC Regulations;

(g) Failing to properly draft a PPM; and

(h) Failing and or refusing to provide advice and legal support to Plaintiffs, the Defendants' clients, when the assets of PAR Funding were seized by the government, and PAR Funding came under close legal scrutiny.

358. As a result of Defendants' breach of contract, Plaintiffs suffered economic losses in an amount of $987,300.32, the amount of money RAZR invested in PAR, excluding interest, and the approximately $2,100,000 the Parkers invested in PAR directly or through other funds. Plaintiffs also paid the Eckert Firm $17,000 in legal fees.

359. In addition, Plaintiffs suffered consequential damages including, but not limited to, counsel fees, the loss of use of their investment, lost profits and/or interest.

WHEREFORE, Plaintiffs, Dean Parker, Davis Parker, and RAZR MCA Fund, LLC, request a judgment in their favor and against Defendants, John W. Pauciulo, Esquire, and Eckert Seamans Cherin & Mellott, LLC, in an amount in excess of $50,000, together with lawful interest, costs of suit and any other damages the Court deems just and proper.

COUNT XXV – LEGAL MALPRACTICE (TORT)
Plaintiffs Daniel Reisinger and Mariner MCA Income Fund, LLC v. Defendants

360. Plaintiffs incorporate paragraphs 1 through 95 as though set forth at length in this Count.

361. On or about, March 1, 2018, Reisinger, at the direction of Vagnozzi, retained the legal services of Pauciulo and the Eckert Firm to represent him in the creation of an Agent Fund to operate as an investment vehicle and to hold the securities or promissory notes from PAR

Case ID: 201200892

Funding, as described in the facts section of this Complaint. A true and correct copy of the engagement letter is attached as Exhibit A.

362. As part of the representation, the Eckert Firm and Pauciulo were to form an Agent Fund that was legally compliant with all applicable banking or SEC regulations, including SEC Regulation D, and to prepare all necessary Fund formation documents, as well as the investor statements and other documents that would be legally required, including a PPM.

363. In or around March 20, 2018, Reisinger, through the legal assistance of the Eckert Firm and Pauciulo (or other attorneys under Pauciulo's direction and supervision), formed Mariner.

364. At all relevant times, Pauciulo knew, or should have known based on discussions or other communications from Reisinger, that the Agent Fund was being formed specifically to invest in PAR Funding.

365. Pauciulo, and others working with him at the Eckert Firm, formed Mariner MCA Investment Fund, LLC, and prepared a PPM that did not make necessary disclosures. At no time did Pauciulo, or any other Eckert attorney, advise Mariner or Reisinger that it was necessary to amend the PPM to make disclosures about the risks of investing in PAR, although Pauciulo knew or should have known of those risks.

366. Accordingly, Reisinger and Mariner relied on this false and misleading legal work prepared by Pauciulo and the Eckert Firm, in encouraging investors to invest in Mariner which, in turn, invested in PAR Funding.

367. Defendants were reckless, careless, and negligent when representing Plaintiffs, both generally and in the following specific ways:

(a) Providing false and inaccurate information regarding the legality of PAR Funding's operations;

Case ID: 201200892

(b) Misrepresenting the safety and security of investing in PAR Funding;

(c) Failing to disclose the criminal past of PAR Funding's principal, Joseph LaForte;

(d) Failing to disclose a professional relationship to PAR Funding that created a conflict of interest in Defendants' representation of Plaintiffs in forming an Agency Fund to invest in PAR;

(e) Encouraging Plaintiffs to invest in PAR and to solicit others to invest in PAR;

(f) Failing to advise that the Agent Fund strategy may not be compliant with SEC Regulations;

(g) Failing to properly draft a PPM; and

(h) Failing and or refusing to provide advice and legal support to Plaintiffs, the Defendants' clients, when the assets of PAR Funding were seized by the government, and PAR Funding came under close legal scrutiny.

368. As a result of Defendants' actions and omissions, Plaintiffs suffered economic losses in an amount of $3,231,000, the amount of money Mariner invested in PAR, excluding interest and fees paid to Eckert.

369. In addition, Plaintiffs suffered additional losses including, but not limited to, counsel fees related to the SEC investigation and expended to defend against claims from investors, as well as the loss of use of their investment.

WHEREFORE, Plaintiffs, Daniel Reisinger and Mariner MCA Income Fund, LLC, request a judgment in their favor and against Defendants, John W. Pauciulo, Esquire, and Eckert Seamans Cherin & Mellott, LLC, in an amount in excess of $50,000, together with lawful interest, costs of suit and any other damages the Court deems just and proper.

Case ID: 201200892

COUNT XXVI - LEGAL MALPRACTICE (CONTRACT)
Plaintiffs Daniel Reisinger and Mariner MCA Income Fund, LLC v. Defendants

370. Plaintiffs incorporate paragraphs 1 through 95 as though set forth at length in this Count.

371. On or about March 1, 2018, Reisinger, at the direction of Vagnozzi, retained the legal services of Pauciulo and the Eckert Firm to represent him in the creation of an Agency Fund to operate as an investment vehicle and to hold the securities or promissory notes from PAR Funding, as described in the facts section of this Complaint. A true and correct copy of the engagement letter is attached as Exhibit A.

372. As part of the representation, the Eckert Firm and Pauciulo were to form an Agency Fund that was legally compliant with all applicable banking or SEC regulations, including SEC Regulation D, and to prepare all necessary Fund formation document, as well as the investor statements and other documents that would be legally required, including a PPM.

373. In or around March 20, 2018, Reisinger, through the legal assistance of the Eckert Firm and Pauciulo (or other attorneys under Pauciulo's direction and supervision), formed Mariner.

374. In the engagement agreement, the Eckert Firm and Pauciulo expressly agreed that the representation necessarily would include: "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 "counseling with respect to the offering."

375. The Eckert Firm and Pauciulo failed to discharge these express contractual obligations.

376. Moreover, the Eckert Firm and Pauciulo failed to provide legal services that were consistent with legal industry standards, which is an implied promise in every legal engagement.

Case ID: 201200892

377. Pauciulo. and others working with him at the Eckert Firm, formed the Mariner MCA Income Fund, LLC, and prepared a PPM that did not make necessary disclosures. At no time did Pauciulo, or any attorney from the Eckert Firm, advise Mariner or Reisinger that it was necessary to amend the PPM to make disclosures about the risks of investing in PAR, although Pauciulo knew or should have known of those risks.

378. Accordingly, Reisinger and Mariner relied on this false and misleading legal work prepared by Pauciulo and the Eckert Firm, in encouraging investors to invest in Mariner which, in turn, invested in PAR Funding.

379. Defendants failed to prepare necessary documentation to ensure that Mariner would be compliant with all state and federal securities laws, and did not provide appropriate counsel regarding the offering, in the following ways:

(a) Providing false and inaccurate information regarding the legality of PAR Funding's operations;

(b) Misrepresenting the safety and security of investing in PAR Funding;

(c) Failing to disclose the criminal past of PAR Funding's principal, Joseph LaForte;

(d) Failing to disclose a professional relationship to PAR Funding that created a conflict of interest in Defendants' representation of Plaintiffs in forming an Agent Fund to invest in PAR;

(e) Encouraging Plaintiffs to invest in PAR and to solicit others to invest in PAR;

(f) Failing to advise that the Agent Fund strategy may not be compliant with SEC Regulations;

(g) Failing to properly draft a PPM; and

(h) Failing and or refusing to provide advice and legal support to Plaintiffs, the Defendants' clients, when the assets of PAR Funding were seized by the government, and PAR Funding came under close legal scrutiny.

Case ID: 201200892

380. As a result of Defendants' breach of contract, Plaintiffs suffered economic losses in an amount of $3,231,000, the amount of money Mariner invested in PAR, excluding interest and fees paid to Eckert.

381. In addition, Plaintiffs suffered consequential damages including, but not limited to, counsel fees, the loss of use of their investment, lost profits and/or interest.

WHEREFORE, Plaintiffs, Daniel Reisinger and Mariner MCA Income Fund, LLC, request a judgment in their favor and against Defendants, John W. Pauciulo, Esquire, and Eckert Seamans Cherin & Mellott, LLC, in an amount in excess of $50,000, together with lawful interest, costs of suit and any other damages the Court deems just and proper.

COUNT XXVII – LEGAL MALPRACTICE (TORT)
Plaintiffs Philip Sharpton and MCA Carolina Income Fund, LLC v. Defendants

382. Plaintiffs incorporate paragraphs 1 through 95 as though set forth at length in this Count.

383. On or about May 16, 2019, Sharpton retained the legal services of Pauciulo and the Eckert Firm to represent him in the creation of an Agent Fund to operate as an investment vehicle and to hold the securities or promissory notes from PAR Funding, as described in the facts section of this Complaint. A true and correct copy of the engagement letter is attached as Exhibit A.

384. As part of the representation, the Eckert Firm and Pauciulo were to form an Agency Fund that was legally compliant with all applicable banking or SEC regulations, including SEC Regulation D, and to prepare all necessary Fund formation documents, as well as the investor statements and other documents that would be legally required, including a PPM.

385. In or around June 28, 2019, Sharpton, through the legal assistance of the Eckert Firm and Pauciulo (or other attorneys under Pauciulo's direction and supervision), formed Carolina Income.

Case ID: 201200892

386. At all relevant times, Pauciulo knew, or should have known based on discussions or other communications from Sharpton, that the Agency Fund was being formed specifically to invest in PAR Funding.

387. Pauciulo, and others working with him at the Eckert Firm, formed MCA Carolina Income Fund, LLC, and prepared a PPM that did not make necessary disclosures. At no time did Pauciulo, or any other Eckert attorney, advise Carolina Income or Sharpton that it was necessary to amend the PPM to make disclosures about the risks of investing in PAR, although Pauciulo knew or should have known of those risks.

388. Accordingly, Sharpton and Carolina Income relied on this false and misleading legal work prepared by Pauciulo and the Eckert Firm, in encouraging investors to invest in Carolina Income which, in turn, invested in PAR Funding.

389. Defendants were reckless, careless, and negligent when representing Plaintiffs, both generally and in the following specific ways:

(a) Providing false and inaccurate information regarding the legality of PAR Funding's operations;

(b) Misrepresenting the safety and security of investing in PAR Funding;

(c) Failing to disclose the criminal past of PAR Funding's principal, Joseph LaForte;

(d) Failing to disclose a professional relationship to PAR Funding that created a conflict of interest in Defendants' representation of Plaintiffs in forming an Agent Fund to invest in PAR;

(e) Encouraging Plaintiffs to invest in PAR and to solicit others to invest in PAR;

(f) Failing to advise that the Agent Fund strategy may not be compliant with SEC Regulations;

(g) Failing to properly draft a PPM; and

Case ID: 201200892

(h) Failing and or refusing to provide advice and legal support to Plaintiffs, the Defendants' clients, when the assets of PAR Funding were seized by the government, and PAR Funding came under close legal scrutiny.

390. As a result of Defendants' actions and omissions, Plaintiffs suffered economic losses in an amount of $215,000, the amount of money Carolina Income invested in PAR, excluding interest, and $15,000, the amount of money Sharpton invested in Carolina Income, also excluding interest and fees paid to Eckert.

391. In addition, Plaintiffs suffered additional losses including, but not limited to, counsel fees related to the SEC investigation and expended to defend against claims from investors, as well as the loss of use of their investment.

WHEREFORE, Plaintiffs, Philip Sharpton and MCA Carolina Income Fund, LLC, request a judgment in their favor and against Defendants, John W. Pauciulo, Esquire, and Eckert Seamans Cherin & Mellott, LLC, in an amount in excess of $50,000, together with lawful interest, costs of suit and any other damages the Court deems just and proper.

COUNT XXVIII - LEGAL MALPRACTICE (CONTRACT)
Plaintiffs Philip Sharpton and MCA Carolina Income Fund, LLC v. Defendants

392. Plaintiffs incorporate paragraphs 1 through 95 as though set forth at length in this Count.

393. On or about May 16, 2019, Sharpton retained the legal services of Pauciulo and the Eckert Firm to represent him in the creation of an Agent Fund to operate as an investment vehicle and to hold the securities or promissory notes from PAR Funding, as described in the facts section of this Complaint. A true and correct copy of the engagement letter is attached as Exhibit A.

394. As part of the representation, the Eckert Firm and Pauciulo were to form an Agent Fund that was legally compliant with all applicable banking or SEC regulations, including SEC

Case ID: 201200892

Regulation D, and to prepare all necessary Fund formation documents, as well as the investor statements and other documents that would be legally required, including a PPM.

395. In or around June 28, 2019, Sharpton, through the legal assistance of the Eckert Firm and Pauciulo (or other attorneys under Pauciulo's direction and supervision), formed Carolina Income.

396. In the engagement agreement, the Eckert Firm and Pauciulo expressly agreed that the representation necessarily would include: "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 "counseling with respect to the offering."

397. The Eckert Firm and Pauciulo failed to discharge these express contractual obligations.

398. Moreover, the Eckert Firm and Pauciulo failed to provide legal services that were consistent with legal industry standards, which is an implied promise in every legal engagement.

399. Pauciulo, and others working with him at the Eckert Firm, formed MCA Carolina Income Fund, LLC, and prepared a PPM that did not make necessary disclosures. At no time did Pauciulo, or any attorney from the Eckert Firm, advise Carolina Income or Sharpton that it was necessary to amend the PPM to make disclosures about the risks of investing in PAR, although Pauciulo knew or should have known of those risks.

400. Accordingly, Sharpton and Carolina Income relied on this false and misleading legal work prepared by Pauciulo and the Eckert Firm, in encouraging investors to invest in Carolina Income which, in turn, invested in PAR Funding.

Case ID: 201200892

401. Defendants failed to prepare necessary documentation to ensure that Carolina Income would be compliant with all state and federal securities laws, and did not provide appropriate counsel regarding the offering, in the following ways:

(a) Providing false and inaccurate information regarding the legality of PAR Funding's operations;

(b) Misrepresenting the safety and security of investing in PAR Funding;

(c) Failing to disclose the criminal past of PAR Funding's principal, Joseph LaForte;

(d) Failing to disclose a professional relationship to PAR Funding that created a conflict of interest in Defendants' representation of Plaintiffs in forming an Agent Fund to invest in PAR;

(e) Encouraging Plaintiffs to invest in PAR and to solicit others to invest in PAR;

(f) Failing to advise that the Agent Fund strategy may not be compliant with SEC Regulations;

(g) Failing to properly draft a PPM; and

(h) Failing and or refusing to provide advice and legal support to Plaintiffs, the Defendants' clients, when the assets of PAR Funding were seized by the government, and PAR Funding came under close legal scrutiny.

402. As a result of Defendants' breach of contract, Plaintiffs suffered economic losses in an amount of $215,000, the amount of money Carolina Income invested in PAR, excluding interest, and $15,000, the amount of money Sharpton invested in Carolina Income, also excluding interest and fees paid to Eckert.

403. In addition, Plaintiffs suffered consequential damages including, but not limited to, counsel fees, the loss of use of their investment, lost profits and/or interest.

WHEREFORE, Plaintiffs, Philip Sharpton and MCA Carolina Income Fund, LLC, request a judgment in their favor and against Defendants, John W. Pauciulo, Esquire, and Eckert

Case ID: 201200892

Seamans Cherin & Mellott, LLC, in an amount in excess of $50,000, together with lawful interest, costs of suit and any other damages the Court deems just and proper.

COUNT XXIX – LEGAL MALPRACTICE (TORT)
Plaintiffs Michael Tierney and Merchant Services Income Fund, LLC v. Defendants

404. Plaintiffs incorporate paragraphs 1 through 95 as though set forth at length in this Count.

405. Tierney retained the legal services of Pauciulo and the Eckert Firm to represent him in the creation of an Agent Fund to operate as an investment vehicle and to hold the securities or promissory notes from PAR Funding, as described in the facts section of this Complaint. For reasons outside of his control, Tierney cannot access a copy of his engagement letter with the Eckert Firm.

406. As part of the representation, the Eckert Firm and Pauciulo were to form an Agent Fund that was legally compliant with all applicable banking or SEC regulations, including SEC Regulation D, and to prepare all necessary Fund formation documents, as well as the investor statements and other documents that would be legally required, including a PPM.

407. Tierney, through the legal assistance of the Eckert Firm and Pauciulo (or other attorneys under Pauciulo's direction and supervision), formed MSIF.

408. At all relevant times, Pauciulo knew, or should have known based on discussions or other communications from Tierney, that the Agency Fund was being formed specifically to invest in PAR Funding.

409. Pauciulo, and others working with him at the Eckert Firm, formed Merchant Services Income Fund, LLC, and prepared a PPM that did not make necessary disclosures. At no time did Pauciulo, or any other Eckert attorney, advise MSIF or Tierney that it was necessary to

Case ID: 201200892

amend the PPM to make disclosures about the risks of investing in PAR, although Pauciulo knew or should have known of those risks.

410. Accordingly, Tierney and MSIF relied on this false and misleading legal work prepared by Pauciulo and the Eckert Firm, in encouraging investors to invest in MSIF which, in turn, invested in PAR Funding.

411. Defendants were reckless, careless, and negligent when representing Plaintiffs, both generally and in the following specific ways:

(a) Providing false and inaccurate information regarding the legality of PAR Funding's operations;

(b) Misrepresenting the safety and security of investing in PAR Funding;

(c) Failing to disclose the criminal past of PAR Funding's principal, Joseph LaForte;

(d) Failing to disclose a professional relationship to PAR Funding that created a conflict of interest in Defendants' representation of Plaintiffs in forming an Agent Fund to invest in PAR;

(e) Encouraging Plaintiffs to invest in PAR and to solicit others to invest in PAR;

(f) Failing to advise that the Agent Fund strategy may not be compliant with SEC Regulations;

(g) Failing to properly draft a PPM; and

(h) Failing and or refusing to provide advice and legal support to Plaintiffs, the Defendants' clients, when the assets of PAR Funding were seized by the government, and PAR Funding came under close legal scrutiny.

412. As a result of Defendants' actions and omissions, Plaintiffs suffered economic losses in an amount of approximately $17 million, the amount of money MSIF invested in PAR, excluding interest and fees paid to Eckert. Plaintiff Tierney is unable to access the precise figure at this time.

Case ID: 201200892

413. In addition, Plaintiffs suffered additional losses including, but not limited to, counsel fees related to the SEC investigation and expended to defend against claims from investors, as well as the loss of use of their investment.

WHEREFORE, Plaintiffs, Michael Tierney and Merchant Services Income Fund, LLC, request a judgment in their favor and against Defendants, John W. Pauciulo, Esquire, and Eckert Seamans Cherin & Mellott, LLC, in an amount in excess of $50,000, together with lawful interest, costs of suit and any other damages the Court deems just and proper.

COUNT XXX - LEGAL MALPRACTICE (CONTRACT)
Plaintiffs Michael Tierney and Merchant Services Income Fund, LLC v. Defendants

414. Plaintiffs incorporate paragraphs 1 through 95 as though set forth at length in this Count.

415. Tierney retained the legal services of Pauciulo and the Eckert Firm to represent him in the creation of an Agent Fund to operate as an investment vehicle and to hold the securities or promissory notes from PAR Funding, as described in the facts section of this Complaint. For reasons outside of his control, Tierney is not able to access the written agreement with the Eckert Firm.

416. As part of the representation, the Eckert Firm and Pauciulo were to form an Agent Fund that was legally compliant with all applicable banking or SEC regulations, including SEC Regulation D, and to prepare all necessary Fund formation documents, as well as the investor statements and other documents that would be legally required, including a PPM.

417. Tierney, through the legal assistance of the Eckert Firm and Pauciulo (or other attorneys under Pauciulo's direction and supervision), formed MSIF.

418. In the engagement agreement, the Eckert Firm and Pauciulo expressly agreed that the representation necessarily would include: "the preparation and filing of such forms as may be

Case ID: 201200892

necessary to have the fund comply with applicable state and federal securities laws including Form D" and "counseling with respect to the offering."

419. The Eckert Firm and Pauciulo failed to discharge these express contractual obligations.

420. Moreover, the Eckert Firm and Pauciulo failed to provide legal services that were consistent with legal industry standards, which is an implied promise in every legal engagement.

421. Pauciulo, and others working with him at the Eckert Firm, formed Merchant Services Income Fund, LLC, and prepared a PPM that did not make necessary disclosures. At no time did Pauciulo, or any attorney from the Eckert Firm, advise MSIF or Tierney that it was necessary to amend the PPM to make disclosures about the risks of investing in PAR, although Pauciulo knew or should have known of those risks.

422. Accordingly, Tierney and MSIF relied on this false and misleading legal work prepared by Pauciulo and the Eckert Firm, in encouraging investors to invest in MSIF which, in turn, invested in PAR Funding.

423. Defendants failed to prepare necessary documentation to ensure that MSIF would be compliant with all state and federal securities laws, and did not provide appropriate counsel regarding the offering, in the following ways:

(a) Providing false and inaccurate information regarding the legality of PAR Funding's operations;

(b) Misrepresenting the safety and security of investing in PAR Funding;

(c) Failing to disclose the criminal past of PAR Funding's principal, Joseph LaForte;

(d) Failing to disclose a professional relationship to PAR Funding that created a conflict of interest in Defendants' representation of Plaintiffs in forming an Agent Fund to invest in PAR;

Case ID: 201200892

(e) Encouraging Plaintiffs to invest in PAR and to solicit others to invest in PAR;

(f) Failing to advise that the Agent Fund strategy may not be compliant with SEC Regulations;

(g) Failing to properly draft a PPM; and

(h) Failing and or refusing to provide advice and legal support to Plaintiffs, the Defendants' clients, when the assets of PAR Funding were seized by the government, and PAR Funding came under close legal scrutiny.

424. As a result of Defendants' breach of contract, Plaintiffs suffered economic losses in an amount of approximately $17 million, the amount of money MSIF invested in PAR, excluding interest and fees paid to Eckert. Plaintiff Tierney is unable to access the precise figure at this time.

425. In addition, Plaintiffs suffered consequential damages including, but not limited to, counsel fees, the loss of use of their investment, lost profits and/or interest.

WHEREFORE, Plaintiffs, Michael Tierney and Merchant Services Income Fund, LLC, request a judgment in their favor and against Defendants, John W. Pauciulo, Esquire, and Eckert Seamans Cherin & Mellott, LLC, in an amount in excess of $50,000, together with lawful interest, costs of suit and any other damages the Court deems just and proper.

COUNT XXXI: BREACH OF FIDUCIARY DUTY
All Plaintiffs v. Defendants

426. Plaintiffs incorporate paragraphs 1 through 95 as though set forth at length in this Count.

427. Pauciulo and Eckert, including all of its attorneys, had a fiduciary duty to act in accordance with good practice and render services to Plaintiffs commensurate with the standard of care for corporate lawyers, or lawyers engaging in fund formation.

Case ID: 201200892

428. More specifically, Defendants owed Plaintiffs a fiduciary duty of loyalty to act free from any conflict of interest in the representation.

429. Defendants breached this duty to Plaintiffs, by failing to disclose the conflict of interest that existed in Defendants' representation of both Plaintiffs and Vagnozzi and seek waiver of that conflict.

430. Defendants breached their fiduciary duty to Plaintiffs in placing their own financial interest in PAR's scheme above Plaintiffs' interests in conducting legitimate businesses and avoiding unnecessary investment risk.

431. Defendants failed to disclose information of which they were aware, that placed Plaintiffs at high risk of financial loss and at potential risk of liability to investors, and should have been disclosed. Indeed, such losses occurred or yet may occur under the circumstances.

432. Upon information and belief, Pauciulo and Eckert made money by (i) attracting investors in PAR through live appearances and promotional materials they were paid to prepare; and (ii) representing investors in creating agent funds and in placing the investments in PAR, without disclosing this "double dip."

433. In other words, Pauciulo and Eckert financially benefited from their duplicity.

434. Pauciulo and Eckert failed to advise any of the individual Plaintiffs to seek the advice of independent counsel, either when forming the agent funds, or after the funds were formed, to review the PPMs Eckert and Pauciulo prepared, knowing that representing Plaintiffs and Vagnozzi under the circumstances created a conflict of interest.

435. As a result of these breaches of fiduciary duty by the Defendants, Plaintiffs have suffered millions of dollars in monetary loss in the form of the amounts invested in PAR Funding, as well as fees paid (i) to Pauciulo and Eckert for their duplicitous work, and (ii) to other lawyers,

who have provided services relating to investigation by the SEC or the SEC Florida Action, (iii) and as may be required to defend against claims from investors in the agent funds.

436. Defendants' engagement in this egregious conflict of interest is so shocking to the conscience and is so outrageous that it warrants the imposition of punitive damages against Pauciulo and Eckert.

WHEREFORE, Plaintiffs Joseph R. Cacchione, Francis Cassidy, Yajun Chu, Brian Drake, Joseph Gassman, David Gollner, Kurt Hemry, Sherri Marini, Andrew McKinley, Christopher McMorrow, Mark Nardelli, Paul Nick, Davis Parker, Dean Parker, Daniel Reisinger, Philip Sharpton, Michael Tierney, Merchant Factoring Income, LLC, Victory Income Fund, LLC, Work Well Fund, LLC, Cape Cod Income Fund, LLC, Wellen Fund 1, LLC, LWM Income Fund, 2, LLC, LWM Equity Fund, L.P., LWM Income Fund Parallel, LLC, Blue Stream Income Fund, LLC, Jade Funding, LLC, MK One Income Fund, LLC, GR8 Income Fund, LLC, STFG Income Fund, LLC, RAZR MCA Fund, LLC, Mariner MCA Income Fund, LLC, MCA Carolina Income Fund, LLC, and Merchant Services Income Fund, LLC request judgment in their favor and against Joseph W. Pauciulo and Eckert Seamans Cherin and Mellott, LLC in an amount exceeding $50,000, together with interest, costs of suit, punitive damages, and all other damages the Court deems just and proper.

Respectfully submitted:

HAINES & ASSOCIATES

*<u>/s/ Clifford E. Haines</u>*______________
CLIFFORD E. HAINES
DANIELLE M. WEISS
Attorneys for Plaintiffs

Dated: March 16, 2021

Case ID: 201200892

CERTIFICATE OF SERVICE

I, Clifford E. Haines, Esquire, of Haines & Associates, hereby certify that, on or about this date, a true and correct copy of the foregoing Complaint was served upon the following via the Court's ECF System and/or email or First Class Mail:

John W. Pauciulo, Esquire
Eckert Seamans Cherin & Mellott, LLC
50 S. 16th Street
22nd Floor
Philadelphia, PA 19102

Dated: March 16, 2021

/s/ Clifford E. Haines
CLIFFORD E. HAINES

EXHIBIT A

Eckert Seamans Cherin & Mellott, LLC
Two Liberty Place
50 South 16th Street, 22nd Floor
Philadelphia, PA 19102

John W. Pauciulo
215-851-8480
jpauciulo@eckertseamans.com

April 17, 2019

Francis Cassidy
252 North Radnor-Chester Road
Wayne, PA 19087

Re: Legal Representation

Dear Fran:

I am pleased that you have asked Eckert Seamans Cherin & Mellott, LLC to represent you (the "Client") in connection with claims asserted against you by the Commonwealth of Pennsylvania, Department of Banking and Securities, Bureau of Securities and Compliance and Examinations and such related matters as you may request. 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 applicable 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 Client.

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 $595 per hour. If other members in the firm provide services to the Client, 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 $185.00 to $380.00 per hour depending on their experience. If firm paralegals work on the Project, their time will be billed on the basis of their hourly rate which is in the $190.00 to $250.00 range. All of our current rates will be in effect for the calendar year 2019, but are subject to change thereafter, usually on an annual basis. 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.

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. Similarly, we will promptly respond to any questions which you may have concerning any item on a bill submitted to you. **Our invoices are payable upon delivery and we will charge you interest at the rate of 6% per year on any balance which remains unpaid for more than 30 days after the date of delivery.**

Case ID: 201200892

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.

It is possible that other present or future clients of this firm will have matters adverse to you while we are representing you. We understand that you have no objection to our representations of parties with interests adverse to you and that you waive any actual or potential conflict of interest as long as those engagements are not substantially related to our representation of you. We agree that your consent shall not apply in any instance where, as a result of our representation of you, we have obtained confidential information that, if known to such other client, could be used to your material disadvantage.

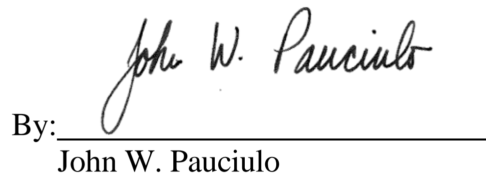
Case ID: 201200892

If this engagement letter is consistent with your understanding of our fee and representation arrangement, please sign the enclosed copy where indicated and return it to me.

I 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 let me know.

Very truly yours,

ECKERT SEAMANS CHERIN & MELLOTT, LLC



By:___________________________
John W. Pauciulo

JWP/mzg

Acknowledged, agreed to and accepted
this __ day of April, 2019

____
Francis Cassidy

Case ID: 201200892

Eckert Seamans Cherin & Mellott, LLC
Two Liberty Place
50 South 16th Street, 22nd Floor
Philadelphia, PA 19102

John W. Pauciulo
215-851-8480
jpauciulo@eckertseamans.com

March 11, 2019

Via Email (michael52725@gmail.com)

Yajun Chu
831 S. Veitch St
Arlington, VA 22204.

Re: Legal Representation

Yajun:

We are pleased that you have asked our firm to represent you and, upon formation, a business entity in connection with the formation and capitalization of such business entity which will serve as a fund to be used to acquire promissory notes and other debt like instruments. Our services will consist of the following: (i) the formation of a Delaware limited liability company, (ii) the preparation of a private placement memorandum to be used in connection with the offering of ownership interests in the fund, (iii) 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 (iv) counseling with respect to conducting the offering. 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.

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 $595 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 $185 to $380 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 $190 to $250 range. All of our current rates will be in effect for the calendar year 2019 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.

We will require a retainer in the amount of $5,000. We will use the retainer to pay filing fees and third party costs and may apply any excess amount to our fees. Retainer may be paid by check or wire transfer (please see attached wire instructions). We will begin work upon receipt of the retainer.

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. We retain all legal rights to the documents that we produce in the course of our representation. Any reproduction of our documents without our express consent is prohibited.

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.

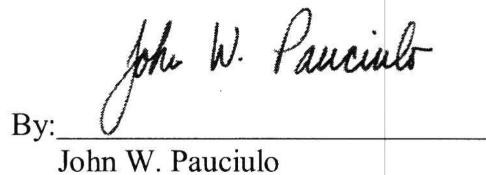
Case ID: 201200892

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



By:____________________________
John W. Pauciulo

Acknowledged, agreed to and accepted
this 12 day of Mar., 2019:

____
Yajun Chu

Case ID: 201200892

Eckert Seamans Wire Instructions

First National Bank IOLTA Account – from within the U.S.

Please notify Carolyn Ley (412-566-2064 or cley@eckertseamans.com) with the client information and anticipated wire amount.

BANK: First National Bank of Pennsylvania
4140 East State Street
Hermitage, PA 16148
ABA ROUTING #: 043318092
BENEFICIARY: Eckert Seamans Cherin & Mellott, LLC
BENEFICIARY ACCOUNT NUMBER: 95021481

First National Bank IOLTA Account – from outside the U.S.

Please notify Carolyn Ley (412-566-2064 or cley@eckertseamans.com) with the client information and anticipated wire amount.

BANK: First National Bank of Pennsylvania
4140 East State Street
Hermitage, PA 16148
ABA ROUTING #: 043318092
BENEFICIARY: Eckert Seamans Cherin & Mellott, LLC
BENEFICIARY ACCOUNT NUMBER: 95021481

Case ID: 201200892

Eckert Seamans Cherin & Mellott, LLC
Two Liberty Place
50 South 16th Street, 22nd Floor
Philadelphia, PA 19102

John W. Pauciulo
215-851-8480
jpauciulo@eckertseamans.com

April 9, 2018

Via Email (brian@retirementmoney.biz)

Brian N. Drake
Drake, Saunders & Diwinsky
104 Crowell Road
Chatham, MA 02633

Re: Legal Representation

Dear Brian:

We are pleased that you have asked our firm to represent you and, upon formation, a business entity in connection with the formation and capitalization of such business entity which will serve as a fund to be used to acquire promissory notes and other debt like instruments. Our services will consist of the following: (i) the formation of a Delaware limited liability company, (ii) the preparation of a private placement memorandum to be used in connection with the offering of ownership interests in the fund, (iii) 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 (iv) counseling with respect to conducting the offering. 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.

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` scope of the above matter also will be billed in accordance with our hourly rates in effect at the time those services are rendered.

We will require a retainer in the amount of $5,000. We will use the retainer to pay filing fees and third party costs and may apply any excess amount to our fees. Retainer may be paid by

Case ID: 201200892

check or wire transfer (please see attached wire instructions). We will begin work upon receipt of the retainer.

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. We retain all legal rights to the documents that we produce in the course of our representation. Any reproduction of our documents without our express consent is prohibited.

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Case ID: 201200892

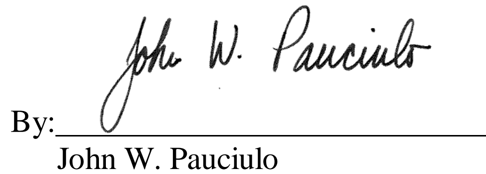
While we will not disclose privileged or confidential information regarding our representation of your interests, you authorize us to disclose your identity or name to persons outside this firm and the fact that we represent you as legal counsel.

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



By:____________________________
John W. Pauciulo

Acknowledged, agreed to and accepted
this____ day of ______________, 2018:

____
Brian N. Drake

Case ID: 201200892

Eckert Seamans Wire Instructions

First National Bank IOLTA Account – from within the U.S.

Please notify Carolyn Ley (412-566-2064 or cley@eckertseamans.com) with the client information and anticipated wire amount.

BANK: First National Bank of Pennsylvania
4140 East State Street
Hermitage, PA 16148
ABA ROUTING #: 043318092
BENEFICIARY: Eckert Seamans Cherin & Mellott, LLC
BENEFICIARY ACCOUNT NUMBER: 95021481

First National Bank IOLTA Account – from outside the U.S.

Please notify Carolyn Ley (412-566-2064 or cley@eckertseamans.com) with the client information and anticipated wire amount.

BANK: First National Bank of Pennsylvania
4140 East State Street
Hermitage, PA 16148
ABA ROUTING #: 043318092
BENEFICIARY: Eckert Seamans Cherin & Mellott, LLC
BENEFICIARY ACCOUNT NUMBER: 95021481

Case ID: 201200892

ECKERT SEAMANS
ATTORNEYS AT LAW

Eckert Seamans Cherin & Mellott, LLC
Two Liberty Place
50 South 16th Street, 22nd Floor
Philadelphia, PA 19102

John W. Pauciulo
215-851-8480
jpauciulo@eckertseamans.com

February 28, 2018

Via Email (jgassman@me.com)

Joseph A. Gassman
248 Woodlyn Ave.
Glenside, PA 19038

Re: Legal Representation

Dear Joe:

We are pleased that you have asked our firm to represent you and, upon formation, a business entity in connection with the formation and capitalization of such business entity which will serve as a fund to be used to acquire promissory notes and other debt like instruments. Our services will consist of the following: (i) the formation of a Delaware limited liability company, (ii) the preparation of a private placement memorandum to be used in connection with the offering of ownership interests in the fund, (iii) 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 (iv) counseling with respect to conducting the offering. 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.

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 scope of the above matter also will be billed in accordance with our hourly rates in effect at the time those services are rendered.

We will require a retainer in the amount of $5,000. We will use the retainer to pay filing fees and third party costs and may apply any excess amount to our fees. Retainer may be paid by check or wire transfer (please see attached wire instructions). We will begin work upon receipt of the retainer.

ECKERT SEAMANS
ATTORNEYS AT LAW

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.

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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.

Case ID: 201200892

ECKERT SEAMANS
ATTORNEYS AT LAW

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

By: John W. Pauciulo
John W. Pauciulo

Acknowledged, agreed to and accepted
this 2 day of March, 2018:

Joseph Gassman

Case ID: 201200892

Eckert Seamans Cherin & Mellott, LLC
Two Liberty Place
50 South 16th Street, 22nd Floor
Philadelphia, PA 19102

John W. Pauciulo
215-851-8480
jpauciulo@eckertseamans.com

March 29, 2018

Via Email (david@leavealegacy.com)

David Gollner
Legacy Financial Strategies,
Inc. 3087 Innovation Way
Hermitage, PA 16148

Re: Legal Representation

David:

We are pleased that you have asked our firm to represent you and, upon formation, a business entity to be named "LWM INCOME FUND" in connection with the formation and capitalization of such business entity which will serve as a fund to be used to acquire promissory notes and other debt like instruments. Our services will consist of the following: (i) the formation of a Delaware limited liability company, (ii) the preparation of a private placement memorandum to be used in connection with the offering of ownership interests in the fund, (iii) 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 (iv) counseling with respect to conducting the offering. 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.

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` scope of the above matter also will be billed in accordance with our hourly rates in effect at the time those services are rendered.

We acknowledge receipt of your retainer payment in the amount of $4,000. We will use the retainer to pay filing fees and third party costs and may apply any excess amount to our fees.

Case ID: 201200892

Retainer may be paid by check or wire transfer (please see attached wire instructions). We will begin work upon receipt of the retainer.

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. We retain all legal rights to the documents that we produce in the course of our representation. Any reproduction of our documents without our express consent is prohibited.

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.

Case ID: 201200892

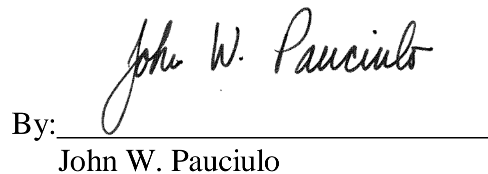
While we will not disclose privileged or confidential information regarding our representation of your interests, you authorize us to disclose your identity or name to persons outside this firm and the fact that we represent you as legal counsel.

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



By:___________________________
John W. Pauciulo

Acknowledged, agreed to and accepted
this____ day of ______________, 2018:

____
David Gollner

Case ID: 201200892

<u>Eckert Seamans Wire Instructions</u>

First National Bank IOLTA Account – from within the U.S.

Please notify Carolyn Ley (412-566-2064 or cley@eckertseamans.com) with the client information and anticipated wire amount.

BANK: First National Bank of Pennsylvania
4140 East State Street
Hermitage, PA 16148
ABA ROUTING #: 043318092
BENEFICIARY: Eckert Seamans Cherin & Mellott, LLC
BENEFICIARY ACCOUNT NUMBER: 95021481

First National Bank IOLTA Account – from outside the U.S.

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ABA ROUTING #: 043318092
BENEFICIARY: Eckert Seamans Cherin & Mellott, LLC
BENEFICIARY ACCOUNT NUMBER: 95021481

Case ID: 201200892

Eckert Seamans Cherin & Mellott, LLC
Two Liberty Place
50 South 16th Street, 22nd Floor
Philadelphia, PA 19102

John W. Pauciulo
215-851-8480
jpauciulo@eckertseamans.com

July 3, 2018

Via Email (kurt@ironwoodwc.com)

Kurt Hemry
Ironwood Wealth Consultants
11535 SW 67th Avenue
Portland, OR 97223

Re: Legal Representation

Kurt:

We are pleased that you have asked our firm to represent you and, upon formation, a business entity to be named "BLUE STREAM INCOME FUND" in connection with the formation and capitalization of such business entity which will serve as a fund to be used to acquire promissory notes and other debt like instruments. Our services will consist of the following: (i) the formation of a Delaware limited liability company, (ii) the preparation of a private placement memorandum to be used in connection with the offering of ownership interests in the fund, (iii) 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 (iv) counseling with respect to conducting the offering. 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.

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` scope of the

Case ID: 201200892

above matter also will be billed in accordance with our hourly rates in effect at the time those services are rendered.

We have been advised that Dean Vagnozzi and/or A Better Financial Plan will pay all fees in this matter. If they refuse or fail to pay our fees, you will be responsible for them.

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. We retain all legal rights to the documents that we produce in the course of our representation. Any reproduction of our documents without our express consent is prohibited.

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Case ID: 201200892

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.

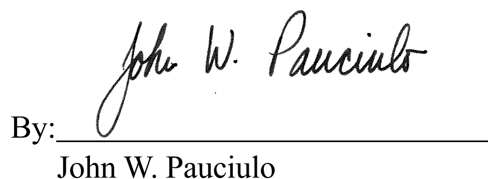
While we will not disclose privileged or confidential information regarding our representation of your interests, you authorize us to disclose your identity or name to persons outside this firm and the fact that we represent you as legal counsel.

If this letter accurately sets forth our agreement, kindly execute a copy and return it to me at your earliest opportunity.

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



By:___________________________
John W. Pauciulo

Acknowledged, agreed to and accepted
this 3 day of July, 2018:

____
Kurt Hemry

Case ID: 201200892

Eckert Seamans Wire Instructions

First National Bank IOLTA Account – from within the U.S.

Please notify Carolyn Ley (412-566-2064 or cley@eckertseamans.com) with the client information and anticipated wire amount.

BANK: First National Bank of Pennsylvania
4140 East State Street
Hermitage, PA 16148
ABA ROUTING #: 043318092
BENEFICIARY: Eckert Seamans Cherin & Mellott, LLC
BENEFICIARY ACCOUNT NUMBER: 95021481

First National Bank IOLTA Account – from outside the U.S.

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Hermitage, PA 16148
ABA ROUTING #: 043318092
BENEFICIARY: Eckert Seamans Cherin & Mellott, LLC
BENEFICIARY ACCOUNT NUMBER: 95021481

Case ID: 201200892

Eckert Seamans Cherin & Mellott, LLC
Two Liberty Place
50 South 16th Street, 22nd Floor
Philadelphia, PA 19102

John W. Pauciulo
215-851-8480
jpauciulo@eckertseamans.com

August 5, 2019

Via Email (andy.1423@comcast.net)

Andy McKinley
1423 S. Howard Street
Philadelphia, PA 19147

Re: Legal Representation

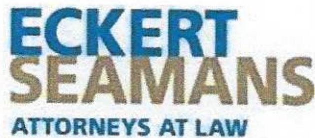
Andy:

We are pleased that you have asked our firm to represent you and, upon formation, a business entity in connection with the formation and capitalization of such business entity which will serve as a fund to be used to acquire promissory notes and other debt like instruments. Our services will consist of the following: (i) the formation of a Delaware limited liability company, (ii) the preparation of a private placement memorandum to be used in connection with the offering of ownership interests in the fund, (iii) 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 (iv) counseling with respect to conducting the offering. 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.

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 $595 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 $185 to $380 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 $190 to $250 range. All of our current rates will be in effect for the calendar year 2019 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.

We will require a retainer in the amount of $5,000. We will use the retainer to pay filing fees and third party costs and may apply any excess amount to our fees. Retainer may be paid by check or wire transfer (please see attached wire instructions). We will begin work upon receipt of the retainer.

Case ID: 201200892



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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.

Case ID: 201200892

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

By: John W. Pauciulo
John W. Pauciulo

Acknowledged, agreed to and accepted
this 5th day of August, 2019:

Andy McKinley

Case ID: 201200892

Eckert Seamans Cherin & Mellott, LLC
Two Liberty Place
50 South 16th Street, 22nd Floor
Philadelphia, PA 19102

John W. Pauciulo
215-851-8480
jpauciulo@eckertseamans.com

September 28, 2018

Via Email (mcmorrowfinancial@gmail.com)

Christopher McMorrow
Joseph Kekoanui IV
373 E. Main Street, Suite 109
Collegeville, PA 19426

Re: Legal Representation

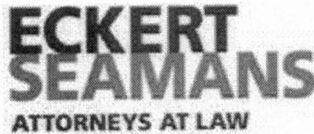
Chris and Joe:

We are pleased that you have asked our firm to represent each of you, and, upon formation, a business entity to be named "M.K. ONE INCOME FUND LLC" in connection with the formation and capitalization of such business entity which will serve as a fund to be used to acquire promissory notes and other debt like instruments. Our services will consist of the following: (i) the formation of a Delaware limited liability company, (ii) the preparation of a private placement memorandum to be used in connection with the offering of ownership interests in the fund, (iii) 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 (iv) counseling with respect to conducting the offering. 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.

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` scope of the above matter also will be billed in accordance with our hourly rates in effect at the time those services are rendered.

We will require a retainer in the amount of $5,000. We will use the retainer to pay filing fees and third party costs and may apply any excess amount to our fees. Retainer may be paid by

Case ID: 201200892



check or wire transfer (please see attached wire instructions). We will begin work upon receipt of the retainer.

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Case ID: 201200892

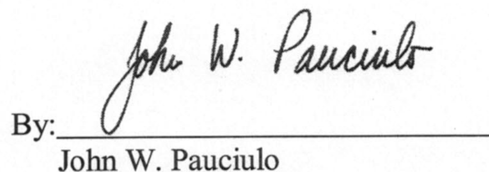
While we will not disclose privileged or confidential information regarding our representation of your interests, you authorize us to disclose your identity or name to persons outside this firm and the fact that we represent you as legal counsel.

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



By:____________________________
John W. Pauciulo

Acknowledged, agreed to and accepted
this____ day of ______________, 2018:

____
Christopher McMorrow

____
Joseph Kekoanui IV

Case ID: 201200892

Eckert Seamans Wire Instructions

First National Bank IOLTA Account – from within the U.S.

Please notify Carolyn Ley (412-566-2064 or cley@eckertseamans.com) with the client information and anticipated wire amount.

BANK: First National Bank of Pennsylvania
4140 East State Street
Hermitage, PA 16148
ABA ROUTING #: 043318092
BENEFICIARY: Eckert Seamans Cherin & Mellott, LLC
BENEFICIARY ACCOUNT NUMBER: 95021481

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BENEFICIARY: Eckert Seamans Cherin & Mellott, LLC
BENEFICIARY ACCOUNT NUMBER: 95021481

Case ID: 201200892

Eckert Seamans Cherin & Mellott, LLC
Two Liberty Place
50 South 16th Street, 22nd Floor
Philadelphia, PA 19102

John W. Pauciulo
215-851-8480
jpauciulo@eckertseamans.com

November 13, 2018

Via Email (mark@wealthcareadvantage.com)

Mark Nardelli
Wealthcare Advantage, LLC
2840 Plaza Place, Ste 210
Raleigh, NC 27612

Re: Legal Representation

Mark:

We are pleased that you have asked our firm to represent you and, upon formation, a business entity in connection with the formation and capitalization of such business entity which will serve as a fund to be used to acquire promissory notes and other debt like instruments. Our services will consist of the following: (i) the formation of a Delaware limited liability company, (ii) the preparation of a private placement memorandum to be used in connection with the offering of ownership interests in the fund, (iii) 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 (iv) counseling with respect to conducting the offering. 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.

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` scope of the above matter also will be billed in accordance with our hourly rates in effect at the time those services are rendered.

We will require a retainer in the amount of $5,000. We will use the retainer to pay filing fees and third party costs and may apply any excess amount to our fees. Retainer may be paid by

Case ID: 201200892

check or wire transfer (please see attached wire instructions). We will begin work upon receipt of the retainer.

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.

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Case ID: 201200892

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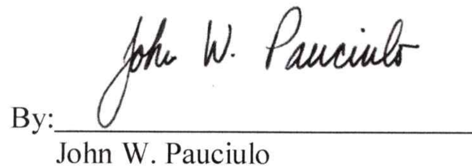
If this letter accurately sets forth our agreement, kindly execute a copy and return it to me at your earliest opportunity.

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.

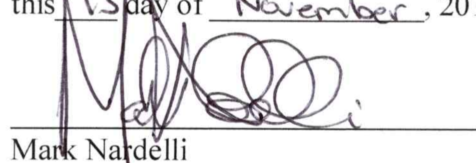
Very truly yours,

ECKERT SEAMANS CHERIN & MELLOTT, LLC



By:__________________________
John W. Pauciulo

Acknowledged, agreed to and accepted
this 13 day of November, 2018:



____
Mark Nardelli

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BENEFICIARY: Eckert Seamans Cherin & Mellott, LLC
BENEFICIARY ACCOUNT NUMBER: 95021481

Case ID: 201200892

Eckert Seamans Cherin & Mellott, LLC
Two Liberty Place
50 South 16th Street, 22nd Floor
Philadelphia, PA 19102

John W. Pauciulo
215-851-8480
jpauciulo@eckertseamans.com

August 8, 2018

Via Email (pauljnick@gmail.com)

Paul Nick
1432 Waseca Street
Houston, TX 77055

Re: Legal Representation

Paul:

We are pleased that you have asked our firm to represent you and, upon formation, a business entity in connection with the formation and capitalization of such business entity which will serve as a fund to be used to acquire promissory notes and other debt like instruments. Our services will consist of the following: (i) the formation of a Delaware limited liability company, (ii) the preparation of a private placement memorandum to be used in connection with the offering of ownership interests in the fund, (iii) 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 (iv) counseling with respect to conducting the offering. 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.

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Case ID: 201200892

ECKERT SEAMANS
ATTORNEYS AT LAW

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.

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Case ID: 201200892

ECKERT SEAMANS
ATTORNEYS AT LAW

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

By: John W. Pauciulo
John W. Pauciulo

Acknowledged, agreed to and accepted
this 14 day of August, 2018:

Paul Nick

Case ID: 201200892

ECKERT SEAMANS
ATTORNEYS AT LAW

Eckert Seamans Cherin & Mellott, LLC
Two Liberty Place
50 South 16th Street, 22nd Floor
Philadelphia, PA 19102

John W. Pauciulo
215-851-8480
jpauciulo@eckertseamans.com

August 22, 2018

Via Email (deanalanparker@gmail.com)(davisprkr@gmail.com)

Dean Parker
Davis Parker
205 Heritage Trail N
Bellville, Texas 77418

Re: Legal Representation

Dean and Davis:

We are pleased that you have asked our firm to represent each of you and, upon formation, a business entity in connection with the formation and capitalization of such business entity which will serve as a fund to be used to acquire promissory notes and other debt like instruments. Our services will consist of the following: (i) the formation of a Delaware limited liability company, (ii) the preparation of a private placement memorandum to be used in connection with the offering of ownership interests in the fund, (iii) 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 (iv) counseling with respect to conducting the offering. 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.

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We will require a retainer in the amount of $5,000. We will use the retainer to pay filing fees and third party costs and may apply any excess amount to our fees. Retainer may be paid by check or wire transfer (please see attached wire instructions). We will begin work upon receipt of the retainer.

Case ID: 201200892

ECKERT SEAMANS
ATTORNEYS AT LAW

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.

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Case ID: 201200892

ECKERT SEAMANS
ATTORNEYS AT LAW

Dean Parker
Davis Parker
August 22, 2018
Page 3

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.

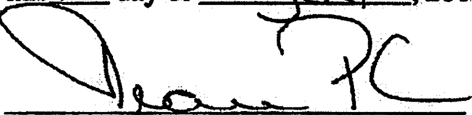
We appreciate the opportunity to be of service to you and look forward to working with you. If you have any questions concerning this letter, please do not hesitate to let me know.

Very truly yours,

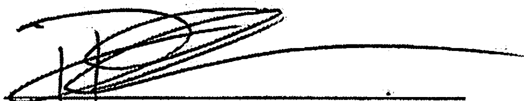
ECKERT SEAMANS CHERIN & MELLOTT, LLC

By: John W. Pauciulo
John W. Pauciulo

Acknowledged, agreed to and accepted
this 22 day of August, 2018:



Dean Parker



Davis Parker

{M1801485.1}

Case ID: 201200892

Eckert Seamans Wire Instructions

First National Bank IOLTA Account – from within the U.S.

Please notify Carolyn Ley (412-566-2064 or cley@eckertseamans.com) with the client information and anticipated wire amount.

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4140 East State Street
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BENEFICIARY ACCOUNT NUMBER: 95021481

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BENEFICIARY ACCOUNT NUMBER: 95021481

Eckert Seamans Cherin & Mellott, LLC
Two Liberty Place
50 South 16th Street, 22nd Floor
Philadelphia, PA 19102

John W. Pauciulo
215-851-8480
jpauciulo@eckertseamans.com

March 1, 2018

Via Email (dan@safeinvestingservices.com)

Daniel Reisinger
1416 Flint Hill Road
Landenberg, PA 19350

Re: Legal Representation

Dear Dan:

We are pleased that you have asked our firm to represent you and, upon formation, a business entity in connection with the formation and capitalization of such business entity which will serve as a fund to be used to acquire promissory notes and other debt like instruments. Our services will consist of the following: (i) the formation of a Delaware limited liability company, (ii) the preparation of a private placement memorandum to be used in connection with the offering of ownership interests in the fund, (iii) 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 (iv) counseling with respect to conducting the offering. 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.

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Case ID: 201200892

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Case ID: 201200892

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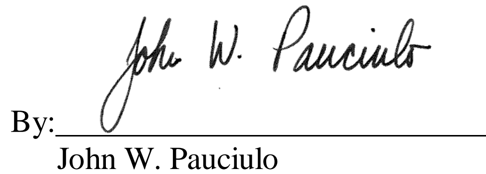
Very truly yours,

ECKERT SEAMANS CHERIN & MELLOTT, LLC



By:__________________________
John W. Pauciulo

Acknowledged, agreed to and accepted
this____ day of ______________, 2018:

____
Daniel Reisinger

Case ID: 201200892

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Case ID: 201200892

Eckert Seamans Cherin & Mellott, LLC
Two Liberty Place
50 South 16th Street, 22nd Floor
Philadelphia, PA 19102

John W. Pauciulo
215-851-8480
jpauciulo@eckertseamans.com

May 16, 2019

Via Email (sbsphil@comporium.net)

Philip A. Sharpton
323 Berkeley Road
Rock Hill, South Carolina 29732

Re: Legal Representation

Philip:

We are pleased that you have asked our firm to represent you and, upon formation, a business entity in connection with the formation and capitalization of such business entity which will serve as a fund to be used to acquire promissory notes and other debt like instruments. Our services will consist of the following: (i) the formation of a Delaware limited liability company, (ii) the preparation of a private placement memorandum to be used in connection with the offering of ownership interests in the fund, (iii) 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 (iv) counseling with respect to conducting the offering. 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.

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 $595 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 $185 to $380 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 $190 to $250 range. All of our current rates will be in effect for the calendar year 2019 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.

We will require a retainer in the amount of $5,000. We will use the retainer to pay filing fees and third party costs and may apply any excess amount to our fees. Retainer may be paid by check or wire transfer (please see attached wire instructions). We will begin work upon receipt of the retainer.

Case ID: 201200892

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. We retain all legal rights to the documents that we produce in the course of our representation. Any reproduction of our documents without our express consent is prohibited.

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.

Case ID: 201200892

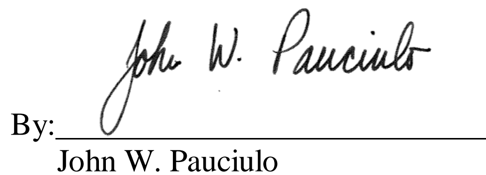
Case 9:20-cv-81205-RAR Document 1994-9 Entered on FLSD Docket 07/15/2024 Page 141 of 158

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



By:____________________________
John W. Pauciulo

Acknowledged, agreed to and accepted
this____ day of ______________, 2019:

____
Philip A. Sharpton

Case ID: 201200892

Eckert Seamans Wire Instructions

First National Bank IOLTA Account – from within the U.S.

Please notify Carolyn Ley (412-566-2064 or cley@eckertseamans.com) with the client information and anticipated wire amount.

BANK: First National Bank of Pennsylvania
4140 East State Street
Hermitage, PA 16148
ABA ROUTING #: 043318092
BENEFICIARY: Eckert Seamans Cherin & Mellott, LLC
BENEFICIARY ACCOUNT NUMBER: 95021481

First National Bank IOLTA Account – from outside the U.S.

Please notify Carolyn Ley (412-566-2064 or cley@eckertseamans.com) with the client information and anticipated wire amount.

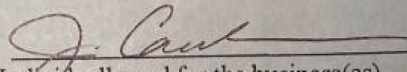
BANK: First National Bank of Pennsylvania
4140 East State Street
Hermitage, PA 16148
ABA ROUTING #: 043318092
BENEFICIARY: Eckert Seamans Cherin & Mellott, LLC
BENEFICIARY ACCOUNT NUMBER: 95021481

Case ID: 201200892

VERIFICATION

I, JOSEPH R. CACCHIONE am a Plaintiff in this matter and am also authorized to sign for and on behalf of MERCHANT FACTORING INCOME FUND, also plaintiff(s). I hereby verify that all factual statements made in the foregoing Complaint as pertaining to me and/or the fund(s) stated above, for which I am authorized to sign, are true and correct to the best of my knowledge, information, and belief. I further understand that false statements herein are made subject to the penalties of 18 Pa. C.S.A. § 4904, relating to unsworn falsifications to authorities.

Date:
3/12/2021



Individually and for the business(es) identified above

VERIFICATION

, FRANCIS C. CASSIDY, am a Plaintiff in this matter and hereby verif

al statements made in the foregoing Complaint are true and correct to the best of m

ge, information, and belief. I further understand that false statements herein are m

o the penalties of 18 Pa. C.S.A. § 4904, relating to unsworn falsifications to author

3-1-2021

Francis C. Cassidy
(Signature)

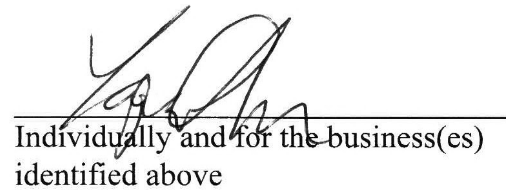
FRANCIS C. CASSIDY
(Print Name)

Case ID: 201200892

VERIFICATION

I, Yajun Chu, am a Plaintiff in this matter and am also authorized to sign for and on behalf of Workwell Fund I LLC, also plaintiff(s). I hereby verify that all factual statements made in the foregoing Complaint as pertaining to me and/or the fund(s) stated above, for which I am authorized to sign, are true and correct to the best of my knowledge, information, and belief. I further understand that false statements herein are made subject to the penalties of 18 Pa. C.S.A. § 4904, relating to unsworn falsifications to authorities.

Date: 3.8.2021



Individually and for the business(es) identified above

VERIFICATION

I, Brian N. Drake, am a Plaintiff in this matter and am also authorized to sign for and on behalf of Cape Cod Income Fund, also plaintiff(s). I hereby verify that all factual statements made in the foregoing Complaint as pertaining to me and/or the fund(s) stated above, for which I am authorized to sign, are true and correct to the best of my knowledge, information, and belief. I further understand that false statements herein are made subject to the penalties of 18 Pa. C.S.A. § 4904, relating to unsworn falsifications to authorities.

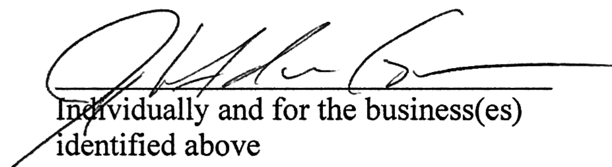
Date: 3/6/2021

Individually and for the business(es) identified above

VERIFICATION

I, Joseph A. Gassman, am a Plaintiff in this matter and am also authorized to sign for and on behalf of Wellen Fund I, LLC, also plaintiff(s). I hereby verify that all factual statements made in the foregoing Complaint as pertaining to me and/or the fund(s) stated above, for which I am authorized to sign, are true and correct to the best of my knowledge, information, and belief. I further understand that false statements herein are made subject to the penalties of 18 Pa. C.S.A. § 4904, relating to unsworn falsifications to authorities.

Date: March 6, 2021



Individually and for the business(es) identified above

VERIFICATION

I, David A. Gollner, am a Plaintiff in this matter and am also authorized to sign for and on behalf of LWM Income Parallel Fund LLC (formerly LWM Income Fund LLC, LWM Income Fund 2, LLC, and LWM Equity Fund, LP also plaintiff(s). I hereby verify that all factual statements made in the foregoing Complaint as pertaining to me and/or the fund(s) stated above, for which I am authorized to sign, are true and correct to the best of my knowledge, information, and belief. I further understand that false statements herein are made subject to the penalties of 18 Pa. C.S.A. § 4904, relating to unsworn falsifications to authorities.

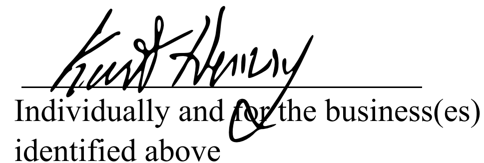
Date: 03/07/2024

David A. Gollner
Individually and for the business(es) identified above

VERIFICATION

I, Kurt Hemry, am a Plaintiff in this matter and am also authorized to sign for and on behalf of Blue Stream Income Fund LLC, also plaintiff(s). I hereby verify that all factual statements made in the foregoing Complaint as pertaining to me and/or the fund(s) stated above, for which I am authorized to sign, are true and correct to the best of my knowledge, information, and belief. I further understand that false statements herein are made subject to the penalties of 18 Pa. C.S.A. § 4904, relating to unsworn falsifications to authorities.

Date: 03/05/2021

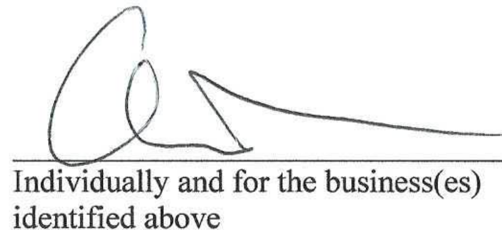


Individually and for the business(es) identified above

VERIFICATION

I, Andrew McKinley, am a Plaintiff in this matter and am also authorized to sign for and on behalf of Jade Fund LLC, also plaintiff(s). I hereby verify that all factual statements made in the foregoing Complaint as pertaining to me and/or the fund(s) stated above, for which I am authorized to sign, are true and correct to the best of my knowledge, information, and belief. I further understand that false statements herein are made subject to the penalties of 18 Pa. C.S.A. § 4904, relating to unsworn falsifications to authorities.

Date: 3/9/21

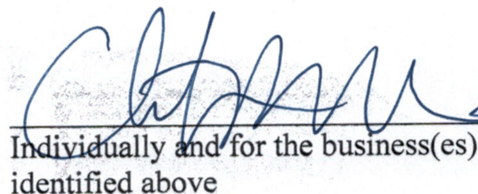


Individually and for the business(es) identified above

VERIFICATION

I, Christopher McMorrow am a Plaintiff in this matter and am also authorized to sign for and on behalf of M.K. One Income Fund LLC, also plaintiff(s). I hereby verify that all factual statements made in the foregoing Complaint as pertaining to me and/or the fund(s) stated above, for which I am authorized to sign, are true and correct to the best of my knowledge, information, and belief. I further understand that false statements herein are made subject to the penalties of 18 Pa. C.S.A. § 4904, relating to unsworn falsifications to authorities.

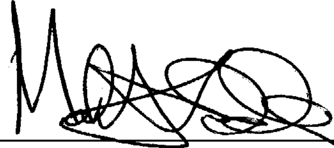
Date: 3/5/2021



Individually and for the business(es) identified above

VERIFICATION

I, Mark Nardelli, am a Plaintiff in this matter and am also authorized to sign for and on behalf of GR8 Income Funds, LLC., also plaintiff(s). I hereby verify that all factual statements made in the foregoing Complaint as pertaining to me and/or the fund(s) stated above, for which I am authorized to sign, are true and correct to the best of my knowledge, information, and belief. I further understand that false statements herein are made subject to the penalties of 18 Pa. C.S.A. § 4904, relating to unsworn falsifications to authorities.



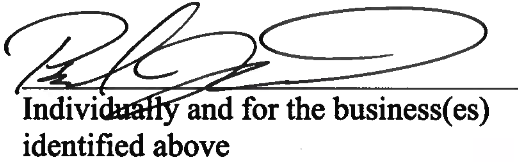
Date: March 10, 2021

Individually and for the business(es) identified above

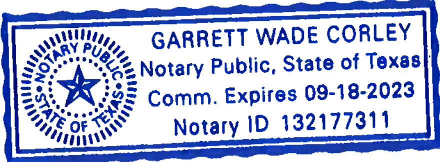
VERIFICATION

I, Paul J. Nick, am a Plaintiff in this matter and am also authorized to sign for and on behalf of STFG Income Fund LLC, also plaintiff(s). I hereby verify that all factual statements made in the foregoing Complaint as pertaining to me and/or the fund(s) stated above, for which I am authorized to sign, are true and correct to the best of my knowledge, information, and belief. I further understand that false statements herein are made subject to the penalties of 18 Pa. C.S.A. § 4904, relating to unsworn falsifications to authorities.

Date: 3-8-2021



Individually and for the business(es) identified above



VERIFICATION

I, DAVIS PARKER, am a Plaintiff in this matter and am also authorized to sign for and on behalf of RAZR MCA FUND LLC, also plaintiff(s). I hereby verify that all factual statements made in the foregoing Complaint as pertaining to me and/or the fund(s) stated above, for which I am authorized to sign, are true and correct to the best of my knowledge, information, and belief. I further understand that false statements herein are made subject to the penalties of 18 Pa. C.S.A. § 4904, relating to unsworn falsifications to authorities.

Date: 3/5/2021

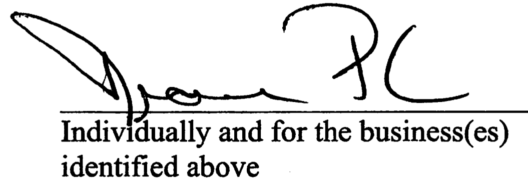
D PARKER
Individually and for the business(es) identified above

Case ID: 201200892

VERIFICATION

I, DEAN PARKER, am a Plaintiff in this matter and am also authorized to sign for and on behalf of RAZR MCA FUND LLC, also plaintiff(s). I hereby verify that all factual statements made in the foregoing Complaint as pertaining to me and/or the fund(s) stated above, for which I am authorized to sign, are true and correct to the best of my knowledge, information, and belief. I further understand that false statements herein are made subject to the penalties of 18 Pa. C.S.A. § 4904, relating to unsworn falsifications to authorities.

Date: 3/5/2021

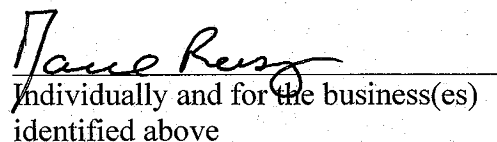


Individually and for the business(es) identified above

VERIFICATION

I, Daniel Reisinger, am a Plaintiff in this matter and am also authorized to sign for and on behalf of Mariner MCA Income Fund, LLC, also plaintiff(s). I hereby verify that all factual statements made in the foregoing Complaint as pertaining to me and/or the fund(s) stated above, for which I am authorized to sign, are true and correct to the best of my knowledge, information, and belief. I further understand that false statements herein are made subject to the penalties of 18 Pa. C.S.A. § 4904, relating to unsworn falsifications to authorities.

Date: 3/6/21



Individually and for the business(es) identified above

VERIFICATION

I, Philip A Sharpton______________________________, am a Plaintiff in this matter and am also authorized to sign for and on behalf of MCA Carolina Income Fund, LLC____, also plaintiff(s). I hereby verify that all factual statements made in the foregoing Complaint as pertaining to me and/or the fund(s) stated above, for which I am authorized to sign, are true and correct to the best of my knowledge, information, and belief. I further understand that false statements herein are made subject to the penalties of 18 Pa. C.S.A. § 4904, relating to unsworn falsifications to authorities.

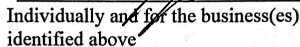
Date: 03-05-2021

Philip A. Sharpton
Individually and for the business(es) identified above

VERIFICATION

I, Michael Tierney, am a Plaintiff in this matter and am also authorized to sign for and on behalf of Merchant Services Income Fund LLC, also plaintiff(s). I hereby verify that all factual statements made in the foregoing Complaint as pertaining to me and/or the fund(s) stated above, for which I am authorized to sign, are true and correct to the best of my knowledge, information, and belief. I further understand that false statements herein are made subject to the penalties of 18 Pa. C.S.A. § 4904, relating to unsworn falsifications to authorities.

Date:
3-12-2020



Individually and for the business(es) identified above

Case ID: 201200892

NOTICE TO PLEAD:

Filed and Attested by the
Office of Judicial Records
07 APR 2021 07:19 pm
G. IMPERATO

TO PLAINTIFFS: YOU ARE HEREBY NOTIFIED TO FILE A WRITTEN RESPONSE TO THE ENCLOSED NEW MATTER WITHIN 20 (TWENTY) DAYS FROM SERVICE HEREOF OR A JUDGMENT MAY BE ENTERED AGAINST YOU.

/s/ Jay A. Dubow
ATTORNEY FOR DEFENDANTS JOHN W. PAUCIULO AND ECKERT SEAMANS CHERIN & MELLOTT, LLC

TROUTMAN PEPPER HAMILTON SANDERS LLP
Jay A. Dubow (PA Bar No. 41741)
Joanna J. Cline (PA Bar No. 83195)
Erica H. Dressler (PA Bar No. 319953)
Mia S. Rosati (PA Bar No. 321078)
3000 Two Logan Square
Eighteenth and Arch Streets
Philadelphia, PA 19103-2799
215.981.4000

WELSH & RECKER, P.C.
Catherine M. Recker (PA Bar No. 56813)
Amy Carver (PA Bar No. 84819)
Richard D. Walk, III (PA Bar No. 329420)
306 Walnut St.
Philadelphia, PA 19106
215.972.6430

ATTORNEYS FOR DEFENDANTS JOHN W. PAUCIULO AND ECKERT SEAMANS CHERIN & MELLOTT, LLC

PHILADELPHIA COURT OF COMMON PLEAS
TRIAL DIVISION

Dean Parker, Davis Parker, RAZR MCA Fund LLC, *et al.*,	:	December Term, 2020
Plaintiffs,	:	No.: 00892
vs.	:	
John W. Pauciulo, Esquire and Eckert Seamans Cherin & Mellott, LLC,	:	
Defendants.	:	

ANSWER AND NEW MATTER OF DEFENDANTS JOHN W. PAUCIULO AND ECKERT SEAMANS CHERIN & MELLOTT, LLC TO PLAINTIFFS' COMPLAINT

Defendants John W. Pauciulo ("Pauciulo") and Eckert Seamans Cherin & Mellott, LLC ("Eckert") answer Plaintiffs' Complaint and assert New Matter as follows:

INTRODUCTION[1]

The Complaint's Introduction violates Pennsylvania Rule of Civil Procedure 1022, which requires that one material allegation be pled per paragraph, rendering it difficult to respond. Moreover, the Complaint's Introduction contains self-serving conclusions of law to which no response is required. To the extent that a response is required, the averments set forth in the Complaint's Introduction are admitted in part and denied in part. It is admitted that Plaintiffs purport to bring a legal malpractice action arising out of the representation of multiple individuals by Pauciulo and Eckert. It is also admitted that Pauciulo and Eckert provided legal services to Plaintiffs, including the preparation of private placement memoranda ("PPMs"). However, the PPMs are writings that speak for themselves, and Pauciulo and Eckert refer to these writings for their terms and deny any characterization of such writings. To the extent the averments of the Complaint's Introduction are inconsistent with such writings and/or attempt to characterize such writings, the averments and/or characterizations are denied.

By way of further response, the PPMs prepared by Pauciulo and Eckert for the investment funds were not incomplete nor were they inaccurate. The PPMs for the investment funds contemplated investments in merchant advance companies and stated that "[t]he 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." It was also understood that the investment funds' investments included investments in

[1] Defendants Pauciulo and Eckert hereby include each of the headings from Plaintiffs' Complaint for ease of reference but deny any averment of fact or characterization contained in each heading.

Case ID: 201200892

promissory notes issued by Complete Business Solutions Group, Inc., d/b/a PAR Funding ("PAR"). Upon information and belief, Plaintiffs conducted their own due diligence through meetings with representatives of PAR and a review of materials from PAR as well as other direct or indirect communications with PAR. In addition, the PPMs disclosed numerous risk factors, such as that "[u]nderwriting and risk management efforts may not be effective" and "[o]ther regulatory risks." The PPMs also warned that "[i]nvestment in the notes involves a high degree of risk and is suitable only for persons of substantial financial resources who have no need for liquidity in their investment." Moreover, the PPMs stated that "[n]o 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."

It is also admitted that the U.S. Securities and Exchange Commission ("SEC") initiated an action against several defendants including PAR in late July 2020 in the United States District Court for the Southern District of Florida (the "SEC Action") and that PAR's assets were seized. To the extent the Complaint's Introduction refers to pleadings and orders in the SEC Action, such writings speak for themselves, and Pauciulo and Eckert refer to these writings for their terms and deny any characterization of such writings. To the extent the averments of the Complaint's Introduction are inconsistent with such writings and/or attempt to characterize such writings, the averments and/or characterizations are denied.

In addition, several of the averments in the Complaint's Introduction consist of legal conclusions, to which no response is required. To the extent a response is required, they

Case ID: 201200892

are denied. The remaining averments of the Complaint's Introduction are denied. By way of further response, it is denied that PAR offered merchant loans. PAR offered financing in the form of merchant cash advances, not merchant loans. Pauciulo and Eckert are not aware of what a "special purpose security" is. It is denied that Pauciulo assisted with marketing investments in PAR to any of Plaintiffs' potential investors nor did he assist with any pitch to any of Plaintiffs' investors. It is admitted that Pauciulo attended limited portions of some events organized by Vagnozzi and recorded messages about the mechanics of PPMs and the legal aspects of setting up a private investment fund that would be shown by Vagnozzi to potential investors. However, it is denied that Pauciulo made any misrepresentations about PAR. It is further denied that any conflict of interest existed.

PARTIES

1. Plaintiff Joseph R. Cacchione ("Cacchione") is an individual and citizen of the Commonwealth of Pennsylvania, who, at all relevant times, had an address at 68 Woodland Road, Wyomissing, Pennsylvania 19610.

ANSWER: Admitted, upon information and belief, that Joseph R. Cacchione ("Cacchione") is an individual and citizen of the Commonwealth of Pennsylvania, who had an address at 68 Woodland Road, Wyomissing, Pennsylvania 19610.

2. Plaintiff, Merchant Factoring Income Fund, LLC ("MFI") was at all relevant times a Delaware limited liability corporation with a principal place of business located at 1320 Monroe Avenue, Wyomissing, Pennsylvania 19610. Cacchione is the sole member of MFI.

ANSWER: Admitted, upon information and belief, that Merchant Factoring Income Fund, LLC ("MFI") is a Delaware limited liability company with a principal place of business of 1320 Monroe Avenue, Wyomissing, Pennsylvania 19610. After reasonable

Case ID: 201200892

investigation, Pauciulo and Eckert are without sufficient information or knowledge as to whether Cacchione is the sole member of MFI and therefore deny the same.

3. Plaintiff Francis Cassidy ("Cassidy") is an individual and citizen of the Commonwealth of Pennsylvania, who, at all relevant times, maintained as address at 66 E. Golfview Road, Ardmore, PA 19003.

ANSWER: Admitted, upon information and belief, that Francis Cassidy ("Cassidy") is an individual and citizen of the Commonwealth of Pennsylvania, who had an address of 66 E. Golfview Road, Ardmore, PA 19003.

4. Plaintiff Victory Income Fund, LLC ("VIF"), is a Delaware limited liability corporation with a principal place of business located at 66 E. Golfview Road, Ardmore, Pennsylvania 19003. Cassidy is the managing member of VIF.

ANSWER: Admitted, upon information and belief, that Victory Income Fund ("VIF") is a Delaware limited liability company with a principal place of business of 66 E. Golfview Road, Ardmore, Pennsylvania 19003. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to whether Cassidy is the managing member of VIF and therefore deny the same.

5. Plaintiff Yajun Chu ("Chu") is an individual and citizen of the Commonwealth of Virginia, who, at all relevant times, had an address at 831 S. Veitch Street, Arlington, Virginia 22204.

ANSWER: Admitted, upon information and belief, that Yajun Chu ("Chu") is an individual and citizen of the Commonwealth of Virginia, who had an address of 831 S. Veitch Street, Arlington, Virginia 22204.

Case ID: 201200892

6. Plaintiff WorkWell Fund I, LLC ("WWF") is a Delaware limited liability corporation with a principal place of business located at 1701 Pennsylvania Avenue, NW, Suite 200, Washington, DC 20006. At all relevant times, Chu was the managing member of WWF.

ANSWER: Admitted, upon information and belief, that WorkWell Fund I, LLC ("WWF") is a Delaware limited liability company with a principal place of business at 1701 Pennsylvania Avenue, NW, Suite 200, Washington, DC 20006. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to whether Yajun Chu was the managing member of WWF and therefore deny the same.

7. Plaintiff Brian Drake ("Drake") is an individual and citizen of the Commonwealth of Massachusetts, who, at all relevant times, had an address at 59 Main Street, Unit 22-4, Dennis, Massachusetts 02683.

ANSWER: Admitted, upon information and belief, that Brian Drake ("Drake") is an individual and citizen of the Commonwealth of Massachusetts, who had an address at 59 Main Street, Unit 22-4, Dennis, Massachusetts 02683.

8. Plaintiff Cape Cod Income Fund, LLC ("CCF") is a Delaware limited liability company with a mailing address located at P.O. Box 2812, Orleans, MA 02653. Drake is a managing member of CCF.

ANSWER: Admitted, upon information and belief that Cape Cod Income Fund, LLC ("CCF") is a Delaware limited liability company with a mailing address of P.O. Box 2812, Orleans, MA 02653. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to whether Drake is a managing member of CCF and therefore deny the same.

Case ID: 201200892

9. Plaintiff Joseph Gassman ("Gassman") is an individual and citizen of the Commonwealth of Pennsylvania, who, at all relevant times, had an address at 248 Woodlyn Ave, Glenside, PA 19038.

ANSWER: Admitted, upon information and belief, that Joseph Gassman ("Gassman") is an individual and citizen of the Commonwealth of Pennsylvania, who had an address at 248 Woodlyn Ave, Glenside, PA 19038.

10. Plaintiff Wellen Fund 1, LLC ("Wellen 1") is a Delaware limited liability company with a principal place of business located at 1657 The Fairway, #194, Jenkintown PA 19046. Gassman is the managing member of Wellen 1.

ANSWER: Admitted, upon information and belief, that Wellen Fund 1, LLC ("Wellen 1") is a Delaware limited liability company with a principal place of business at 1657 The Fairway, #194, Jenkintown PA 19046. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to whether Gassman is the managing member of Wellen 1 and therefore deny the same.

11. Plaintiff David Gollner ("Gollner") is an individual and citizen of the Commonwealth of Pennsylvania, who, at all relevant times, had an address at 3087 Innovation Way, Hermitage, PA 16148.

ANSWER: Admitted, upon information and belief, that David Gollner ("Gollner") is an individual and citizen of the Commonwealth of Pennsylvania, who, at all relevant times, had an address at 3087 Innovation Way, Hermitage, PA 16148.

12. Plaintiff, Sherri Marini ("Marini"), is an individual and citizen of the Commonwealth of Pennsylvania, who, at all relevant times had a business address at 3087

Case ID: 201200892

Innovation Way, Hermitage, Pennsylvania 16148. Marini is Gollner's daughter and business partner.

ANSWER: Admitted, upon information and belief, that Sherri Marini ("Marini") is an individual and citizen of the Commonwealth of Pennsylvania with a business address at 3087 Innovation Way, Hermitage, Pennsylvania 16148. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to whether Marini is Gollner's daughter and business partner and therefore deny the same.

13. Plaintiff LWM Income Fund 2, LLC ("LWM Income Fund 2") is a Delaware limited liability company with principal place of business located at 1209 Orange Street, Wilmington, Delaware 19801. Gollner and Marini are the managing members of LWM Income Fund 2.

ANSWER: Admitted, upon information and belief, that LWM Income Fund 2, LLC ("LWM Income Fund 2") is a Delaware limited liability company with a principal place of business is 1209 Orange Street, Wilmington, Delaware 19801. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to whether Gollner and Marini are the managing members of LWM Income Fund 2 and therefore deny the same.

14. Plaintiff LWM Equity Fund, LP ("LWM Equity"), by and through its general partner, LWM Equity Fund GP, LLC, is a Delaware limited partnership with a principal place of business located at 1209 Orange Street, Wilmington, Delaware 19801. Gollner and Marini are members of LWM Equity Fund, GP, LLC.

ANSWER: Admitted, upon information and belief, that LWM Equity Fund, LP ("LWM Equity") is a Delaware limited partnership with a principal place of business is 1209 Orange Street, Wilmington, Delaware 19801. After reasonable investigation, Pauciulo and

Case ID: 201200892

Eckert are without sufficient information or knowledge as to whether LWM Equity Fund GP, LLC is LWM Equity's general partner, or whether Gollner and Marini are members of LWM Equity Fund, GP, LLC and therefore deny the same.

15. Plaintiff LWM Income Fund Parallel, LLC ("LWM Income Parallel") is a Delaware limited liability company with a principal place of business located at 1209 Orange Street, Wilmington, Delaware 19801. Gollner and Marini are the managing member of LWM Income Parallel.

ANSWER: Admitted, upon information and belief, LWM Income Fund Parallel, LLC ("LWM Income Parallel") is a Delaware limited liability company with a principal place of business is located at 1209 Orange Street, Wilmington, Delaware 19801. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to whether Gollner and Marini are the managing members of LWM Income Parallel and therefore deny the same.

16. Plaintiff Kurt Hemry ("Hemry") is an individual and citizen of the State of Oregon, who, at all relevant times, had an address at 11791 SW Barber Street, Wilsonville, Oregon 97070.

ANSWER: Admitted, upon information and belief, that Kurt Hemry ("Hemry") is an individual and citizen of the State of Oregon, who had an address at 11791 SW Barber Street, Wilsonville, Oregon 97070.

17. Plaintiff Blue Stream Income Fund, LLC ("BSIF") is a Delaware limited liability company with a principal place of business located at 11535 SW 67th Avenue, Portland, OR 97223.

Case ID: 201200892

ANSWER: Admitted, upon information and belief, that Blue Stream Income Fund, LLC ("BSIF") is a Delaware limited liability company with a principal place of business is located at 11535 SW 67th Avenue, Portland, OR 97223.

18. Plaintiff Andrew McKinley ("McKinley") is an individual and citizen of the Commonwealth of Pennsylvania, who, at all relevant times had an address at 1423 S. Howard Street, Philadelphia, Pennsylvania 19147.

ANSWER: Admitted, upon information and belief, that Andrew McKinley ("McKinley") is an individual and citizen of the Commonwealth of Pennsylvania, who had an address at 1423 S. Howard Street, Philadelphia, Pennsylvania 19147.

19. Plaintiff Jade Funding, LLC ("JF") is a Delaware limited liability company with a place of business at 1423 S. Howard Street, Philadelphia, Pennsylvania 19147. McKinley is the managing member of JF.

ANSWER: Admitted, upon information and belief, that Jade Funding, LLC ("JF") is a Delaware limited liability company with a place of business is located at 1423 S. Howard Street, Philadelphia, Pennsylvania 19147. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to whether McKinley is the managing member of JF and therefore deny the same.

20. Plaintiff Christopher McMorrow ("McMorrow") is an individual and citizen of the Commonwealth of Pennsylvania, who, at all relevant times had an address of 55 Brookview Lane, Pottstown, Pennsylvania 19464.

ANSWER: Admitted, upon information and belief, that Christopher McMorrow ("McMorrow") is an individual and citizen of the Commonwealth of Pennsylvania, who had an address of 55 Brookview Lane, Pottstown, Pennsylvania 19464.

Case ID: 201200892

21. Plaintiff M.K. One Income Fund, LLC ("MKOIF") is a Delaware limited liability company with a place of business at 373 E. Main Street, #109, Collegeville, Pennsylvania 19426. McMorrow is the managing member of MKOIF.

ANSWER: Admitted, upon information and belief, M.K. One Income Fund, LLC ("MKOIF") is a Delaware limited liability company with a place of business is located at 373 E. Main Street, #109, Collegeville, Pennsylvania 19426. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to whether McMorrow is the managing member of MKOIF and therefore deny the same.

22. Plaintiff Mark Nardelli ("Nardelli") is an individual and citizen of the State of North Carolina, who, at all relevant times had an address at 10030 Pineville Road, Unit 101, Raleigh, North Carolina 27617.

ANSWER: Admitted, upon information and belief, that Mark Nardelli ("Nardelli") is an individual and citizen of the State of North Carolina, who had an address at 10030 Pineville Road, Unit 101, Raleigh, North Carolina 27617.

23. Plaintiff GR8 Income Fund, LLC ("GR8 Income Fund") is a Delaware limited liability company with a principal place of business at 2232 Page Road, Suite 204, Durham, North Carolina 27703. Nardelli is a managing member of GR8 Income Fund.

ANSWER: Admitted, upon information and belief, that GR8 Income Fund, LLC ("GR8 Income Fund") is a Delaware limited liability company with a principal place of business at 2232 Page Road, Suite 204, Durham, North Carolina 27703. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to whether Nardelli is a managing member of GR8 Income Fund and therefore deny the same.

Case ID: 201200892

24. Plaintiff Paul Nick ("Nick") is an individual and citizen of the State of Texas, who, at all relevant times had an address at 1432 Waseca Street, Houston, Texas 77055.

ANSWER: Admitted, upon information and belief, that Paul Nick ("Nick") is an individual and citizen of the State of Texas, who had an address at 1432 Waseca Street, Houston, Texas 77055.

25. Plaintiff STFG Income Fund, LLC ("STFG") is a Delaware limited liability corporation with a principal place of business at 1334 Brittmoore Road, Suite 1318, Houston, Texas 77043.

ANSWER: Admitted, upon information and belief that STFG Income Fund, LLC ("STFG") is a Delaware limited liability company with a principal place of business at 1334 Brittmoore Road, Suite 1318, Houston, Texas 77043.

26. Plaintiff Davis Parker is an individual and citizen of the State of Texas, who, at all relevant times had a business address of 205 Heritage Trail, N. Bellville, Texas 77418.

ANSWER: Admitted, upon information and belief, that Davis Parker is an individual and citizen of the State of Texas, who had a business address of 205 Heritage Trail, N. Bellville, Texas 77418.

27. Plaintiff Dean Parker is an individual and citizen of the State of Texas, who, at all relevant times had a business address of 205 Heritage Trail N, Bellville, Texas 77418. (Dean Parker and Davis Parker are collectively referred to as the "Parkers").

ANSWER: Admitted, upon information and belief, that Dean Parker is an individual and citizen of the State of Texas, who had a business address of 205 Heritage Trail N, Bellville, Texas 77418.

Case ID: 201200892

28. Plaintiff RAZR MCA Fund, LLC ("RAZR") is a Delaware limited liability company with a principal place of business at 205 Heritage Trial N., Bellville, Texas 77418. The Parkers are the managing members of RAZR.

ANSWER: Admitted, upon information and belief, that RAZR MCA Fund, LLC ("RAZR") is a Delaware limited liability company with a principal place of business at 205 Heritage Trail N., Bellville, Texas 77418. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to whether Dean Parker and Davis Parker are the managing members of RAZR and therefore deny the same.

29. Plaintiff Daniel Reisinger ("Reisinger") is an individual and citizen of the Commonwealth of Pennsylvania, who, at all relevant times had an address at 108 Forest Hill Drive, Blakeslee, Pennsylvania 18610.

ANSWER: Admitted, upon information and belief, that Daniel Reisinger ("Reisinger") is an individual and citizen of the Commonwealth of Pennsylvania, who had an address at 108 Forest Hill Drive, Blakeslee, Pennsylvania 18610.

30. Plaintiff Mariner MCA Income Fund, LLC ("Mariner") is a Delaware limited liability company with a place of business located at 3825 Lancaster Pike - Suite 3 - Wilmington DE 19805. Reisinger is the managing member of Mariner.

ANSWER: Admitted, upon information and belief, that Mariner MCA Income Fund, LLC ("Mariner") is a Delaware limited liability company with a place of business located at 3825 Lancaster Pike - Suite 3 - Wilmington DE 19805. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to whether Daniel Reisinger is the managing member of Mariner and therefore deny the same.

Case ID: 201200892

31. Plaintiff Philip Sharpton ("Sharpton") is an individual and citizen of the State of South Carolina, who, at all relevant times had an address at 323 Berkeley Road, Rock Hill, South Carolina 29732.

ANSWER: Admitted, upon information and belief, that Philip Sharpton ("Sharpton") is an individual and citizen of the State of South Carolina, who had an address at 323 Berkeley Road, Rock Hill, South Carolina 29732.

32. Plaintiff MCA Carolina Income Fund, LLC ("Carolina Income") is a Delaware limited liability company with a place of business at 323 Berkeley Road, Rock Hill, South Carolina 18954. Sharpton is the managing member of Carolina Income.

ANSWER: Admitted, upon information and belief, MCA Carolina Income Fund, LLC ("Carolina Income") is a Delaware limited liability company with a place of business is located at 323 Berkeley Road, Rock Hill, South Carolina 18954. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to whether Sharpton is the managing member of Carolina Income and therefore deny the same.

33. Plaintiff Michael Tierney ("Tierney") is an individual and citizen of the Commonwealth of Pennsylvania, who has an address at 1881 Whitebriar Road, Southampton, PA 18966.

ANSWER: Admitted, upon information and belief, that Michael Tierney ("Tierney") is an individual and citizen of the Commonwealth of Pennsylvania, who has an address at 1881 Whitebriar Road, Southampton, PA 18966.

34. Plaintiff Merchant Services Income Fund, LLC ("MSIF") is a Delaware limited liability company with a business address of 549 Golden Gate Drive, Richboro, Pennsylvania 18954. Tierney is the managing member of MSIF.

Case ID: 201200892

ANSWER: Admitted, upon information and belief, that Merchant Services Income Fund, LLC ("MSIF") is a Delaware limited liability company with a business address is 549 Golden Gate Drive, Richboro, Pennsylvania 18954. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to whether Tierney is the managing member of MSIF and therefore deny the same.

35. Defendant John Pauciulo, Esquire ("Pauciulo") is an individual and citizen of the Commonwealth of Pennsylvania, who is licensed to practice law in the Commonwealth of Pennsylvania and is a member of the law firm Eckert Seamans Cherin & Mellott, LLC ("Eckert Seamans," "Eckert," or "firm"), with offices located at 50 S. 16th Street, 22nd Floor, Philadelphia, PA 19102.

ANSWER: Admitted.

36. Defendant Eckert Seamans Cherin & Mellott, LLC ("Eckert Seamans," "Eckert," or "firm") is a limited liability corporation organized for the purpose of providing legal services to the public including, but not limited to the afore mentioned Plaintiffs with offices located at 50 S. 16th Street, 22nd Floor, Philadelphia, PA 19102.

ANSWER: Admitted with the clarification that Eckert is a Pennsylvania limited liability company and has multiple offices including an office in Philadelphia.

37. At all relevant times, Defendant Eckert acted by and through its authorized agents, servants, partners, members, associates, and employees, including John Pauciulo, all of whom were acting in the course and scope of their relationship with Eckert and the professional services it provides.

ANSWER: The averments in Paragraph 37 are vague and ambiguous, and without additional information, Pauciulo and Eckert are unable to form an opinion as to their

Case ID: 201200892

truth. To the extent Paragraph 37 consists of legal conclusions, no response is required. To the extent a response is required, the averments set forth in Paragraph 37 are denied.

38. This Complaint states claims for legal malpractice, sounding both in tort and in contract, and breach of fiduciary duty.

ANSWER: Paragraph 38 consists of legal conclusions, to which no response is required. To the extent a response is required, the averments set forth in Paragraph 38 are denied.

JURISDICTION AND VENUE

39. Jurisdiction rests with this Court because the principal place of business of Pauciulo and Eckert (collectively, "Defendants") is located in Philadelphia County; venue is proper in this Court because all, or a substantial part of, the legal services provided to Plaintiffs was performed in Philadelphia County.

ANSWER: Paragraph 39 consists of legal conclusions, to which no response is required. However, Pauciulo and Eckert do not contest jurisdiction or venue.

FACTS

A. Plaintiffs Are Introduced to Pauciulo, Eckert, and PAR Funding

40. At various times between 2017 and 2020, each individual Plaintiff, who is an investor or investment manager, was introduced to defendant John Pauciulo and through him, Eckert.

ANSWER: The averments in Paragraph 40 are vague and ambiguous. Admitted in part, denied in part. It is admitted that each individual Plaintiff was introduced to Pauciulo and through him, Eckert, at various times between 2017 and 2020. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to whether each individual Plaintiff is an investor and therefore deny the same.

Case ID: 201200892

41. These introductions were made at various luncheons, dinners, and other investor relations events hosted by high profile investor, Dean Vagnozzi, in order to attract interest in investing in an entity called Complete Business Solutions Group, Inc., d/b/a PAR Funding ("PAR" or "PAR Funding").

ANSWER: Admitted in part, denied in part. It is admitted that some of these introductions were made by Dean Vagnozzi ("Vagnozzi"). It is denied that all of the introductions were made at luncheons, dinners, and other events in order to attract interest in investing in PAR.

42. PAR Funding was organized and created as a money lender for small and medium sized businesses that could not otherwise access traditional lenders like banks, private equity, and insurance companies as a source of funds to operate; or for those companies needing faster access to capital than traditional lenders will offer. PAR offers merchant loans.

ANSWER: After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to why PAR was organized and created, and those averments are therefore denied. It is specifically denied that PAR offers merchant loans. By way of further response, PAR offered financing in the form of merchant cash advances.

43. Merchant loans are often short-term loans with high factoring rates. They can be risky for the lender.

ANSWER: Denied. By way of further response, Paragraph 43 is denied to the extent it implies PAR provided merchant loans or was a lender. PAR offered financing in the form of merchant cash advances, not merchant loans, and was not a lender.

44. Businesses like PAR Funding are ordinarily of limited interest to serious investors because of the risks typically involved in providing such loans to businesses that either cannot

Case ID: 201200892

attract traditional funding sources or need access to capital more quickly than traditional lenders can provide funding.

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to the averments in Paragraph 44, and the averments are therefore denied.

45. To fund its merchant loans, PAR would solicit investments from high-net-worth individuals or investor groups interested in what PAR presented as a high-return investment opportunity with relatively low risk due to what was presented as a very low default rate on the merchant loans. The default rate that was presented was inaccurate.

ANSWER: Admitted in part, denied in part. It is admitted that PAR would solicit investments from high-net-worth individuals. It is denied that PAR offered merchant loans. By way of further response, PAR offered financing in the form of merchant cash advances, not merchant loans. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to the remaining averments in Paragraph 45, and the averments are therefore denied.

46. PAR Funding was able to attract quality investors, like the individual Plaintiffs and the Agent Funds, by associating itself with Vagnozzi, who was, at the time, a very highly regarded professional investor and advocate of alternative investments.

ANSWER: Admitted in part, denied in part. It is admitted that Vagnozzi was an advocate of alternative investments. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to how PAR was able to attract investors or who those investors were, and the remaining averments of Paragraph 46 are therefore denied.

Case ID: 201200892

47. Vagnozzi agreed, for a fee, to team up with the principals of PAR, Joseph LaForte ("LaForte") and Lisa McElhone ("McElhone"), in order to promote PAR Funding and attract investors.

ANSWER: Denied as stated. The averments in Paragraph 47 are vague and ambiguous as to the time frame being referenced or what is meant by "team up." However, it is admitted that Pauciulo and Eckert were aware that Vagnozzi had a finder's fee agreement with PAR relating to investments in PAR which agreement, upon information and belief, was not related to any of the investment fund Plaintiffs.

48. Upon information and belief, Vagnozzi had a long-term attorney-client relationship with Pauciulo and Eckert. At a minimum, Vagnozzi was represented by Pauciulo before meeting Plaintiffs and introducing them to PAR Funding.

ANSWER: Admitted in part, denied in part. It is admitted that Vagnozzi had an attorney-client relationship with Pauciulo and Eckert for a number of years and that Vagnozzi was represented by Pauciulo before Pauciulo was introduced to Plaintiffs. It is denied that Pauciulo introduced Plaintiffs to PAR. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to when Plaintiffs were introduced to PAR or by whom, and the remaining averments of Paragraph 48 are therefore denied.

49. Vagnozzi recruited Pauciulo to assist with marketing investment in PAR to qualified, serious investors. In part, having an attorney, particularly one with Pauciulo's former SEC attorney background, assist with the pitch lent the operation an air of credibility and legitimacy.

Case ID: 201200892

ANSWER: Denied. Pauciulo was not recruited by Vagnozzi and did not assist with marketing investments in PAR to any of Plaintiffs' potential investors nor did he assist with any pitch to any of Plaintiffs' investors.

50. In many instances, Pauciulo was present at these investor relations events, but if he was not there, a prerecorded promotional message would be shown to potential investors, in which Pauciulo spoke about the legality of both PAR's business and the special purpose security that was being offered for purchase.

ANSWER: Admitted in part, denied in part. It is admitted that Pauciulo attended limited portions of some events organized by Vagnozzi and recorded messages about the mechanics of PPMs and the legal aspects of setting up a private investment fund that would be shown by Vagnozzi at such events. It is denied that Pauciulo ever made a misrepresentation about the legality of PAR's business or the security being offered for purchase from PAR. By way of further response, Pauciulo and Eckert are not aware of what a "special purpose security" is.

51. For legal reasons having to do with the sale of securities, Pauciulo, Vagnozzi and others at PAR determined that individuals could not make an investment in PAR.

ANSWER: Denied. To the extent the averments of Paragraph 51 consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 51 are denied.

52. However, Pauciulo determined that it would be legal for potential investors to create an "agent fund." In essence, an agent fund would be formed to take in the investment dollars of a group of investors. The agent fund would then place an investment in PAR Funding in exchange for a certain type of promissory note. As presented, any such investment would

Case ID: 201200892

constitute a special purpose security interest in a particular batch of merchant loans issued by PAR Funding.

ANSWER: Denied. To the extent the averments of Paragraph 52 consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 52 are denied. By way of further response, Pauciulo and Eckert are not aware of what a "special purpose security" is.

53. At the time of these investor relations or marketing events, and/or through prerecorded messages, Vagnozzi and Pauciulo were touting an opportunity to create an agent fund to invest in PAR.

ANSWER: Denied. Pauciulo never touted any opportunity to create an investment fund to invest in PAR.

54. Vagnozzi and Pauciulo would extoll PAR's successes by*, inter alia,* touting PAR's low default rate among PAR's customers (borrowers), and suggesting that PAR's customers were looking for fast capital to fund creative, time-sensitive projects that could not be delayed by the endless "due diligence" required by more traditional lenders.

ANSWER: Denied. Pauciulo did not make any misrepresentations about PAR, its successes, its low default rate, or its customers. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to statements made by Vagnozzi, and the remaining averments of Paragraph 54 are therefore denied.

55. Among other things, Pauciulo and Vagnozzi made the following representations, all of which turned out to be false, and were false when made:

(a) Fewer than 5% of PAR's customers (borrowers) had ever defaulted on a loan. (In truth, the default rate was higher than 35%);

Case ID: 201200892

ANSWER: Denied. Pauciulo did not make any misrepresentations about PAR. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to statements made by Vagnozzi, and the remaining averments of Paragraph 55(a) are therefore denied.

(b) The loans made by PAR were to a variety of small businesses. (In fact, 50% of the loans were made to 15 businesses);

ANSWER: Denied. Pauciulo did not make any misrepresentations about PAR. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to statements made by Vagnozzi, and the remaining averments of Paragraph 55(b) are therefore denied.

(c) The securities to be purchased in PAR by the Agent Funds were legally compliant with all SEC and/or banking regulations. (Indeed, they were not).

ANSWER: Denied. Pauciulo did not make any misrepresentations about PAR. To the extent the averments of Paragraph 55(c) consist of legal conclusions, no response is required, and they are therefore denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to statements made by Vagnozzi, and the remaining averments of Paragraph 55(c) are therefore denied.

56. Pauciulo and Vagnozzi never mentioned that:

(a) PAR was under investigation by state and federal banking authorities;

ANSWER: To the extent the averments of Paragraph 56(a) consist of legal conclusions, no response is required, and they are therefore denied. By way of further response, Pauciulo did not make any misrepresentations about PAR. Pauciulo and Eckert state that they

Case ID: 201200892

did not have knowledge that PAR was under investigation by any state banking authorities until those investigations were publicly disclosed. Pauciulo and Eckert are not aware of any federal banking authority investigation of PAR. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to statements made by Vagnozzi, and the remaining averments of Paragraph 56(a) are therefore denied.

(b) PAR Funding was under scrutiny by the Securities & Exchange Commission when Plaintiffs invested in PAR.

ANSWER: To the extent the averments of Paragraph 56(b) consist of legal conclusions, no response is required, and they are therefore denied. By way of further response, Pauciulo did not make any misrepresentations about PAR. Pauciulo and Eckert state that they did not have knowledge that PAR was under investigation by the SEC until the SEC Action was publicly filed in late July 2020. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to statements made by Vagnozzi, and the remaining averments of Paragraph 56(b) are therefore denied.

57. At the live investor-marketing events, and/ or in prerecorded messages, Pauciulo, in particular, stressed that investment in PAR was both relatively low-risk and legal.

ANSWER: Denied. Pauciulo did not make any representations that investment in PAR was low-risk nor did he make any misrepresentations about the legality of PAR's business in person or in prerecorded messages at events organized by Vagnozzi.

58. Vagnozzi and Pauciulo promised that each agent fund would be entitled to a proportionate share of the factor being paid by PAR's borrowers on each merchant loan. The rate was, on average 1.3 times the principal amount of the merchant loan, but could be more or less than that factor rate.

Case ID: 201200892

ANSWER: Denied. Pauciulo did not make promises or about investments in PAR. By way of further response, PAR offered financing in the form of merchant cash advances, not merchant loans. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to statements made by Vagnozzi, and the remaining averments of Paragraph 58 are therefore denied.

59. Defendant Pauciulo explained the legal nuances of the investment opportunity, presented as a purchase of security, both in person or as part of his pre-recorded promotional message.

ANSWER: Denied as stated. By way of further response, Pauciulo only explained the legal aspects of setting up a private investment fund and the mechanics of the PPMs, which are writings that speak for themselves, and Pauciulo and Eckert refer to these writings for their terms and deny any characterization of such writings. To the extent the averments of Paragraph 59 are inconsistent with such writings and/or attempt to characterize such writings, the averments and/or characterizations are denied.

60. Pauciulo's presentations, both live and prerecorded, encouraged investment and were designed to explain why these investments in PAR Funding were legally sound, legitimate, and relatively safe—so much so, that they were vouched for by Pauciulo, an attorney who had spent decades before joining Eckert, as an attorney for the SEC.

ANSWER: Admitted in part, denied in part. It is admitted that Pauciulo worked as an attorney for the SEC before becoming an attorney at Eckert. It is denied that he spent decades at the SEC or told anyone that he had done so. It is denied that Pauciulo made misrepresentations about the legality, legitimacy or safety of investing in PAR. By way of further response, the PPMs for the investment funds stated that "[t]he proceeds from the sales of

Case ID: 201200892

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." In addition, the PPMs disclosed numerous risk factors, such as that "[u]nderwriting and risk management efforts may not be effective" and "[o]ther regulatory risks." The PPMs also warned that "[i]nvestment in the notes involves a high degree of risk and is suitable only for persons of substantial financial resources who have no need for liquidity in their investment." Moreover, the PPMs stated that "[n]o 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."

61. The terms of each investment were the same. The agent fund would invest by purchasing a promissory note from PAR, which note provided for regular payment of interest and the return of the invested capital at the end of a fixed period of time.

ANSWER: Admitted in part, denied in part. It is admitted that certain investment funds purchased promissory notes from PAR. To the extent the averments of Paragraph 61 refer to writings, such writings speak for themselves and Pauciulo and Eckert refer to such writings for their terms and deny any characterization of such writings. To the extent the averments of Paragraph 61 are inconsistent with such writings and/or attempt to characterize such writings, the averments and/or characterizations are denied. The remaining averments in Paragraph 61 are denied.

62. Pauciulo represented that the security the investors were buying was exempt from SEC Regulation D, and that the investment opportunity was both legal and appropriate.

Case ID: 201200892

ANSWER: The averments in Paragraph 62 are vague and ambiguous because it is unclear which security is being referenced. To the extent the averments in Paragraph 62 are referring to the investment funds Pauciulo and Eckert created for Plaintiffs, it is admitted that such investment funds complied with all legal requirements. To the extent the averments in Paragraph 62 are referring to the securities that the investment funds were acquiring from PAR, it is denied that Pauciulo represented that such securities were exempt from SEC Regulation D or that he represented that the investment opportunity was appropriate or made any misrepresentation that the investment opportunity legal. To the extent Paragraph 62 consists of legal conclusions, no response is required. To the extent a response is required, the averments set forth in Paragraph 62 are denied.

63. The potential investors, including the individual Plaintiffs, who were to set up the Agent Funds to carry out these investments, were informed that to be legally compliant, each fund could have a maximum of 99 investors and 35 non-accredited investors, with a six month wait period between consecutive funds.

ANSWER: Denied as stated. It is admitted that Pauciulo provided Plaintiffs with legal advice concerning the establishment of their funds, which included the maximum number of investors, including non-accredited investors, that each such fund should have as well as advice relating to establishing more than one investment fund.

B. The Individual Plaintiffs Hired Pauciulo and Eckert to Create the Agent Fund Plaintiffs in Order to Invest in PAR Funding.

64. As a part of promoting investment in PAR, the individual Plaintiffs, as interested potential investors, were directed to contact Pauciulo at Eckert in order to create Agent Funds to hold the securities, either for individual investors or investor groups.

Case ID: 201200892

ANSWER: Denied as stated. Most of the individual Plaintiffs were referred to Pauciulo and Eckert in order to provide legal services in connection with the creation of investment funds, and at least one Plaintiff, Francis Cassidy, retained the legal services of Pauciulo and Eckert to represent him in connection with claims asserted against him by the Commonwealth of Pennsylvania, Department of Banking and Securities, Bureau of Securities and Compliance and Examinations. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to what all of the individual Plaintiffs were told, and the remaining averments of Paragraph 64 are therefore denied.

65. Pauciulo also offered his services and the firm's in assisting any investor in filling out all necessary paperwork and creating all legal documents, in order to make an investment in PAR, including the preparation of required disclosure statements the newly formed Agent Fund would need to accept investments from the newly formed fund's investors in PAR.

ANSWER: Denied as stated. Pauciulo provided certain legal services to Plaintiffs including: i) the formation of a Delaware limited liability company; (ii) the preparation of a PPM to be used in connection with the offering of ownership interests in the fund; (iii) 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 (iv) counseling with respect to conducting the offering.

66. Within an 18-month period beginning in 2017, each of the individual Plaintiffs agreed to engage Pauciulo and Eckert to organize an Agent Fund and produce a private placement memorandum ("PPM"), which would allow the Agent Fund to raise money to invest in PAR. Eckert and Pauciulo agreed to perform these and other services for each individual

Case ID: 201200892

Plaintiff and each Agent Fund, as set forth in an engagement letter. A true and correct copy of the engagement letter, for each client with access to the letter, is attached as Exhibit A.

ANSWER: Admitted in part, denied in part. It is admitted that the individual Plaintiffs agreed to engage Pauciulo and Eckert to provide legal services beginning in 2018. Most of the individual Plaintiffs were referred to Pauciulo and Eckert in order to provide legal services in connection with the creation of investment funds. However, at least one Plaintiff, Francis Cassidy, retained the legal services of Pauciulo and Eckert to represent him in connection with claims asserted against him by the Commonwealth of Pennsylvania, Department of Banking and Securities, Bureau of Securities and Compliance and Examinations. To the extent the averments of Paragraph 66 refer to writings, such writings speak for themselves and Pauciulo and Eckert refer to such writings for their terms and deny any characterization of such writings. To the extent the averments of Paragraph 66 are inconsistent with such writings and/or attempt to characterize such writings, the averments and/or characterizations are denied. By way of further response, the PPMs for the investment funds stated that "[t]he 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" and did not reference PAR specifically.

67. These "Agent Funds," created by Pauciulo and Eckert for each of the individual Plaintiffs, are the Agent Funds in this lawsuit. The Agent Funds sought individuals to invest in the purchase of a security that would be invested in PAR Funding.

ANSWER: Admitted in part, denied in part. It is admitted that Pauciulo and Eckert provided the formation documents of certain investment funds for the individual Plaintiffs and that it was understood that the investment funds' investments included investments in

Case ID: 201200892

promissory notes issued by PAR. It is denied that the investment funds sought individuals to invest in the purchase of a security that would be invested in PAR, specifically. By way of further response, the PPMs for the investment funds are writings that speak for themselves, and Pauciulo and Eckert refer to such writings for their terms and deny any characterization of such writings. To the extent the averments of Paragraph 67 are inconsistent with such writings and/or attempt to characterize such writings, the averments and/or characterizations are denied.

68. Pauciulo and his colleagues at the firm, at his instruction, created the Agent Funds, all required formation documents, and, critically, prepared, a PPM that described, among other things, the known risks of these investments, and the way in which the investments worked.

ANSWER: Admitted in part, denied in part. It is admitted that Pauciulo and other attorneys at Eckert provided the formation documents for and prepared PPMs for each individual interested in creating an investment fund. To the extent the averments of Paragraph 68 refer to writings, such writings speak for themselves and Pauciulo and Eckert refer to such writings for their terms and deny any characterization of such writings. To the extent the averments of Paragraph 68 are inconsistent with such writings and/or attempt to characterize such writings, the averments and/or characterizations are denied.

C. Pauciulo and Eckert Failed to Make Required Disclosures about PAR.

69. Pauciulo and Eckert did not disclose at any investor recruitment or marketing event, in any promotional materials for PAR Funding, or in any PPM they prepared for any Plaintiff, that the Securities & Exchange Commission ("SEC") had taken action against Vagnozzi and PAR for utilizing brokers that were not registered to sell securities, and, once the SEC's actions were made public, would not respond to questions regarding necessary investor

Case ID: 201200892

actions or notifications Plaintiffs learned about. Many, if not most, of the Plaintiffs reached out to Pauciulo when news of the SEC's actions became public knowledge with questions and requests for counsel. Pauciulo and the firm ignored questions, sloughed off questions or otherwise failed to respond.

ANSWER: Denied as stated. It is admitted that the SEC initiated an action against several defendants including Vagnozzi and PAR in late July 2020 in the U.S. District Court for the Southern District of Florida, defined above as the SEC Action. Paragraph 69 is denied to the extent it suggests Pauciulo and Eckert were responsible for PAR's promotional materials, or had an obligation to disclose that the SEC had taken action against Vagnozzi and PAR. Paragraph 69 is also denied to the extent it suggests that Pauciulo and Eckert could have disclosed the SEC Action filed in late July 2020 in any PPM because every PPM was prepared before that date. It is admitted that some of the Plaintiffs contacted Pauciulo when the SEC Action became publicly known. Paragraph 69 is denied to the extent it suggests that Pauciulo and Eckert had representation obligations to Plaintiffs that went beyond the scope of the engagement letters with Plaintiffs.

70. Pauciulo and Eckert likewise failed to disclose that several states, including Pennsylvania, had levied heavy fines against PAR for promoting and selling unregistered securities.

ANSWER: It is admitted that certain state securities regulators took regulatory action against PAR for promoting and selling unregistered securities. To the extent the averments of Paragraph 70 consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the remaining averments of Paragraph 70 are denied.

Case ID: 201200892

71. To the contrary, Pauciulo, or others at Eckert, advised each of the Plaintiffs that PAR was a legitimate, profitable operation that had a very solid, stable background and was a sound, prudent and legal investment. Indeed, in his live appearances and prerecorded messages, Pauciulo touted his years of experience as a lawyer for the SEC prior to joining Eckert as a reason why potential investors could trust his statements about the legal integrity of an investment in PAR.

ANSWER: Denied. Pauciulo and Eckert did not make misrepresentations about PAR .

72. Accordingly, in creating Agent Funds, seeking investors in those Funds, and placing investments in PAR through the Agent Funds, Plaintiffs relied on Pauciulo's assurances, unaware that PAR's owner and PAR itself was under investigation by the SEC for, among other things, selling unregistered securities.

ANSWER: Denied. It is specifically denied that Pauciulo ever made "assurances" to Plaintiffs about PAR. By way of further response, Pauciulo and Eckert state that they did not have knowledge that PAR was under investigation by the SEC until the SEC Action was filed in late July 2020.

73. The PPMs Eckert and Pauciulo prepared failed to disclose that PAR was under SEC investigation and/or action; therefore, the Agent Funds did not make these disclosures to their investors. In failing to make those disclosures, the PPMs were inadequate and deficient.

ANSWER: Denied. To the extent the averments of Paragraph 73 consist of legal conclusions, no response is required, and they are therefore denied. By way of further response, Pauciulo and Eckert state that they did not have knowledge that PAR was under investigation by

Case ID: 201200892

the SEC until the SEC Action was filed in late July 2020, and the PPMs were prepared before late July 2020.

74. In his role as an attorney for Vagnozzi, Pauciulo was aware, or should have been aware, of the SEC's litigation or investigation, but intentionally failed to make disclosure to Plaintiffs both in order to protect the interests of his client, Vagnozzi, and, upon information and belief, to retain Pauciulo's own personal benefit from ongoing investments in PAR.

ANSWER: Denied. To the extent the averments of Paragraph 74 consist of legal conclusions, no response is required, and they are therefore denied. By way of further response, Pauciulo and Eckert state that they did not have knowledge that PAR was under investigation by the SEC until the SEC Action was filed in late July 2020, and the PPMs were prepared before late July 2020. It is further denied that Pauciulo gained or retained any personal benefit from ongoing investments in PAR.

75. Upon information and belief, Pauciulo personally benefited from any investor or marketing event at which he made either a live presentation or by prerecorded message, through payment of fees for his time. This financial benefit was, upon information and belief, distinct from the legal fees generated by the Agent Fund formation work, which was performed at Plaintiffs' expense.

ANSWER: The averments in Paragraph 75 are vague and ambiguous because it is unclear what "personally benefited" means or who allegedly paid Pauciulo fees for his time. By way of further response, Pauciulo did not give marketing presentations but only explained the mechanics of the PPMs and the legal aspects of setting up a private investment fund at some events, and Eckert received very little, if any, legal fees for Pauciulo's limited comments at any event.

Case ID: 201200892

76. As a result of these investor-marketing presentations (both live and prerecorded) by Vagnozzi and Pauciulo, the individual Plaintiffs, and their subsequently formed agent funds, each hired Eckert and Pauciulo to represent them, in accordance with the terms set forth in an engagement letter. Exhibit A.

ANSWER: Admitted in part, denied in part. It is admitted that Plaintiffs engaged Pauciulo and Eckert to provide the following legal services: (i) the formation of a Delaware limited liability company; (ii) the preparation of a PPM to be used in connection with the offering of ownership interests in the fund; (iii) 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 (iv) counseling with respect to conducting the offering. It is denied that Pauciulo gave marketing presentations but admitted that he explained the legal aspects of setting up a private investment fund and the mechanics of the PPMs, which are writings that speak for themselves, at some events. To the extent the averments of Paragraph 76 refer to or rely on an engagement letter or engagement letters or PPMs, such writings speak for themselves, and Pauciulo and Eckert refer to such writings for their terms and deny any characterization of such writings. To the extent the averments of Paragraph 76 are inconsistent with such writings and/or attempt to characterize such writings, the averments and/or characterizations are denied.

77. Pauciulo failed to disclose to any Plaintiff that his attorney-client relationship with Vagnozzi created a conflict of interest.

ANSWER: Denied. To the extent the averments of Paragraph 77 consist of legal conclusions, no response is required, and they are therefore denied. By way of further response, every Plaintiff was aware that Pauciulo represented Vagnozzi at the time he or she was referred to Pauciulo. It is further denied that any conflict of interest existed.

Case ID: 201200892

78. Neither Pauciulo nor Eckert obtained any conflict waiver from any Plaintiff. Likewise, neither Pauciulo nor the firm disclosed to any Plaintiff the material facts leading to the seizure of their investments, as described above, although those facts were known, at all relevant times, to Pauciulo and Eckert.

ANSWER: Denied. To the extent the averments of Paragraph 78 consist of legal conclusions, no response is required, and they are therefore denied. By way of further response, Pauciulo and Eckert state that they did not have knowledge that PAR was under investigation by the SEC until the SEC Action was filed in July 2020. It is further denied that any conflict of interest existed.

D. The Securities & Exchange Commission Litigation, the Potential Prosecution of La Forte, McElhone, and Vagnozzi, and the Seizure of PAR's Assets.

79. The SEC scrutiny of PAR Funding resulted in the filing of a declaratory judgment action, brought by the SEC on July 24, 2020 in the United States District Court for the Southern District of Florida, captioned, *Securities & Exchange Commission v. Complete Business Solutions Group, Inc et al.,* Civil Docket No. 9:20-cv-81205-RAR (the "SEC Florida Action"). The SEC Florida Action was brought against PAR Funding and its principals, Lisa McElhone and Joseph W. La Forte, as well as Dean Vagnozzi and others.

ANSWER: Admitted in part, denied in part. It is admitted that the SEC filed an action in the United States District Court for the Southern District of Florida on July 24, 2020 captioned, *Securities & Exchange Commission v. Complete Business Solutions Group, Inc et al.,* Civil Docket No. 9:20-cv-81205-RAR. To the extent the averments of Paragraph 79 refer to or rely on writings, such writings speak for themselves, and Pauciulo and Eckert refer to such writings for their terms and deny any characterization of such writings. To the extent the

Case ID: 201200892

averments of Paragraph 79 are inconsistent with such writings and/or attempt to characterize such writings, the averments and/or characterizations are denied.

80. Within days of the initiation of the SEC Florida Action, the Honorable Rodolfo A. Ruiz, II appointed a receiver to oversee PAR.

ANSWER: It is admitted that the Honorable Rodolfo A. Ruiz, II issued an order appointing a receiver to oversee PAR.

81. The following day, the Florida District Court entered an order restraining any further activities by PAR and freezing all of PAR's assets.

ANSWER: It is admitted that the court in the SEC Action entered an order restraining activities by PAR and freezing PAR's assets.

82. According to accountants, fraud examiners, and other professionals, the evidence indicates that PAR Funding was paying its investors money generated from investment funds from subsequent investors, and not by recovery of the loan repayments from PAR's customers (borrowers).

ANSWER: Denied. Upon information and belief, the averments in Paragraph 82 reflect statements made in the SEC Action that have not yet been determined to be true.

83. Upon information and belief, PAR's principals, McElhone and LaForte, diverted millions of investment dollars to themselves, Vagnozzi, and others, including Pauciulo.

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to the actions of PAR's principals or Vagnozzi and therefore deny the same. It is specifically denied that there was any diversion of investment money by PAR or its principals to Pauciulo or Eckert.

Case ID: 201200892

84. In addition, Plaintiffs learned that Pauciulo and others from PAR had not been honest about PAR's business successes. At the investor recruitment-marketing meetings, they had represented that PAR enjoyed a very low default rate on its merchant loans. In reality, a far higher percentage of merchant loans were in default.

ANSWER: Denied. Upon information and belief, PAR offered financing in the form of merchant cash advances, not merchant loans. It is denied that Pauciulo is from PAR. It is further denied that Pauciulo misrepresented anything about PAR's business.

85. It is unlikely that Plaintiffs will be able to recover their investments from PAR Funding.

ANSWER: Denied. Upon information and belief, the Court-appointed Receiver in the SEC Action is collecting moneys owed to PAR and is marshalling other assets, and it is therefore unknown whether Plaintiffs will be unable to recover their investments from PAR.

86. Since the filing of the SEC Florida Action, Pauciulo and Eckert have abandoned Plaintiffs and have refused them any legal assistance, despite requests from many, if not most, of the individual Plaintiffs to update the PPM risks and to advise investors in the Agent Funds of new, significant investment risks.

ANSWER: Denied. Only some of the Plaintiffs contacted Pauciulo and/or Eckert since the filing of the SEC Action, and no Plaintiff has asked Pauciulo or Eckert to update any PPM. The PPMs also disclaimed any duty to update. By way of further response, Pauciulo and Eckert state that to the extent any Plaintiffs have tried to contact Pauciulo and Eckert since the filing of the SEC Action, such assistance would be beyond the scope of their engagement. To the extent the averments of Paragraph 86 consist of legal conclusions, no response is required, and they are therefore denied.

Case ID: 201200892

87. Plaintiffs have since learned many of these facts concerning the risky nature of investing in PAR Funding, which were unknown to them before the SEC Florida Action and which were not disclosed to them as part of Pauciulo's representation of each Plaintiff. Pauciulo and Eckert, however, at all relevant times, knew of these risks and did not include or disclose them in the PPMs prepared for each Agent Fund.

ANSWER: Denied. To the extent the averments of Paragraph 87 consist of legal conclusions, no response is required, and they are therefore denied. To the extent the averments of Paragraph 87 refer to writings, such writings speak for themselves and Pauciulo and Eckert refer to such writings for their terms and deny any characterization of such writings. To the extent the averments of Paragraph 87 are inconsistent with such writings and/or attempt to characterize such writings, the averments and/or characterizations are denied. By way of further response, the PPMs disclosed numerous risk factors, such as that "[u]nderwriting and risk management efforts may not be effective" and "[o]ther regulatory risks." The PPMs also warned that "[i]nvestment in the notes involves a high degree of risk and is suitable only for persons of substantial financial resources who have no need for liquidity in their investment." Moreover, the PPMs stated that "[n]o 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." It is further denied that Pauciulo had knowledge of PAR's alleged poor performance and lack of business integrity.

Case ID: 201200892

88. Indeed, many of the facts that have been uncovered through the SEC Florida Action, at hearings, through discovery, and through activities by the receiver are contrary to information provided to Plaintiffs by Pauciulo.

ANSWER: Denied. Pauciulo did not provide information to Plaintiffs about PAR. Upon information and belief, Plaintiffs conducted their own due diligence through meetings with representatives of PAR and a review of materials from PAR as well as other direct or indirect communications with PAR.

89. Pauciulo failed to disclose such facts, of which he was aware, thereby depriving Plaintiffs of the ability to make informed investment decisions and causing them harm, when the individual Plaintiffs each engaged Pauciulo and his firm to provide protection and guidance in forming the Plaintiff Agent Funds, to enable investment in PAR Funding.

ANSWER: Denied. To the extent the averments of Paragraph 89 consist of legal conclusions, no response is required, and they are therefore denied. By way of further response, Pauciulo and Eckert state that they did not have knowledge that PAR was under investigation by the SEC until the SEC Action was filed in late July 2020, and the PPMs were prepared before late July 2020. It is denied that the investment funds sought individuals to invest in the purchase of a security that would be invested in PAR, specifically. By way of further response, the PPMs for the investment funds stated that "[t]he 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." In addition, the PPMs disclosed numerous risk factors, such as that "[u]nderwriting and risk management efforts may not be effective" and "[o]ther regulatory risks." The PPMs also warned that "[i]nvestment in the notes involves a high degree of risk and is suitable only for persons of substantial financial resources who have no

Case ID: 201200892

need for liquidity in their investment." Moreover, the PPMs stated that "[n]o 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."

90. Had the individual Plaintiffs been properly advised about the risks of investing in PAR, as well as PAR's poor performance and lack of business integrity, they would not have formed Agent Funds to invest in PAR, and would not have taken investment money into the Agent Funds to invest in PAR.

ANSWER: Denied. To the extent the averments of Paragraph 90 consist of legal conclusions, no response is required, and they are therefore denied. It is further denied that the investment funds sought individuals to invest in the purchase of a security that would be invested in PAR, specifically. By way of further response, the PPMs for the investment funds stated that "[t]he 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." In addition, the PPMs disclosed numerous risk factors, such as that "[u]nderwriting and risk management efforts may not be effective" and "[o]ther regulatory risks." The PPMs also warned that "[i]nvestment in the notes involves a high degree of risk and is suitable only for persons of substantial financial resources who have no need for liquidity in their investment." Moreover, the PPMs stated that "[n]o 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

Case ID: 201200892

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." It is further denied that Pauciulo had knowledge of PAR's alleged poor performance and lack of business integrity.

91. Information material to Plaintiffs' investment that was withheld includes, but is not limited to:

(a) LaForte's criminal past;

ANSWER: Denied. Information about LaForte's criminal past was not withheld. By way of further response, upon information and belief, Plaintiffs also conducted their own due diligence. To the extent the averments of Paragraph 91(a) consist of legal conclusions, no response is required, and they are therefore denied.

(b) the actions against PAR by State Authorities to include Pennsylvania, New Jersey, and Texas; and

ANSWER: Denied. Information about the actions against PAR by state authorities was not withheld. By way of further response, upon information and belief, Plaintiffs also conducted their own due diligence. To the extent the averments of Paragraph 91(b) consist of legal conclusions, no response is required, and they are therefore denied.

(c) the pending investigation of PAR by the Securities & Exchange Commission.

ANSWER: Denied. Information about the pending investigation of PAR by the SEC was not withheld. By way of further response, upon information and belief, Plaintiffs also conducted their own due diligence, and Pauciulo and Eckert state that they did not have knowledge that PAR was under investigation by the SEC until the SEC Action was publicly filed

Case ID: 201200892

in late July 2020. To the extent the averments of Paragraph 91(c) consist of legal conclusions, no response is required, and they are therefore denied.

92. As a result of the actions and inactions of John Pauciulo and Eckert, Plaintiffs have lost millions of dollars invested in PAR Funding that have been seized by the government or simply lost.

ANSWER: Denied. To the extent the averments of Paragraph 92 consist of legal conclusions, no response is required, and they are therefore denied. It is specifically denied that Pauciulo and Eckert's actions or inactions caused Plaintiffs' losses.

93. The negligence, carelessness, and reckless of Defendants is a proximate cause of injuries suffered by each Plaintiff, as detailed below.

ANSWER: Denied. To the extent the averments of Paragraph 93 consist of legal conclusions, no response is required, and they are therefore denied.

94. Defendants also violated their ethical and legal responsibility to advise Plaintiffs of the conflict of interest inherent in their representation of Vagnozzi at the same time as they sought to, and did, engage in providing legal services to Plaintiffs. This conflict of interest also contributed to Plaintiffs' financial losses.

ANSWER: Denied. To the extent the averments of Paragraph 94 consist of legal conclusions, no response is required, and they are therefore denied. It is specifically denied that Plaintiffs were not aware that Pauciulo represented Vagnozzi when Plaintiffs sought the legal services of Pauciulo and that any alleged conflict of interest contributed to Plaintiffs' alleged financial losses. It is further denied that any conflict of interest existed.

Case ID: 201200892

95. Moreover, Defendants abandoned most, if not all, Plaintiffs, their clients, when the consequences of the latter conflict of interest came to pass, leaving Plaintiffs without adequate counsel at a tumultuous time. This too, caused Plaintiffs' financial loss.

ANSWER: Denied. To the extent the averments of Paragraph 95 consist of legal conclusions, no response is required, and they are therefore denied. It is specifically denied that the scope of the engagement between Plaintiffs and Pauciulo included representation beyond the offerings of ownership interests in the funds and that Pauciulo and Eckert caused Plaintiffs' alleged financial loss. It is further denied that any conflict of interest existed.

COUNT I - LEGAL MALPRACTICE (TORT)

Plaintiffs Joseph Cacchione and Merchant Factoring Income, LLC v. Defendants

96. Plaintiffs incorporate paragraphs 1 through 95 as though set forth at length in this Count.

ANSWER: Pauciulo and Eckert incorporate Paragraphs 1 through 95 of this Answer as if fully set forth herein.

97. In or around the summer 2018, Cacchione retained the legal services of Pauciulo and Eckert to represent him in the creation of an Agent Fund to operate as an investment vehicle and hold the securities or promissory notes from PAR Funding, as described in the facts section of this Complaint. For reasons outside of his control, Cacchione cannot access a copy of his engagement letter with Eckert.

ANSWER: Admitted in part, denied in part. It is admitted that in or around the summer of 2018, Cacchione retained the legal services of Pauciulo and Eckert. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to whether Cacchione cannot access a copy of his engagement letter with Eckert and therefore deny the same. By way of further response, Cacchione's engagement was governed by a writing that

Case ID: 201200892

speaks for itself, which Pauciulo and Eckert refer to for its terms. Any characterization of such writing is denied. To the extent the averments of Paragraph 97 are inconsistent with such writing and/or attempt to characterize such writing, the averments and/or characterizations are denied. The PPMs for the investment funds contemplated investments in merchant cash advance companies and stated that "[t]he 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." It was also understood that the investment funds' investments included investments in promissory notes issued by PAR, and upon information and belief, Cacchione conducted his own due diligence through meetings with representatives of PAR and review of materials from PAR as well as other direct or indirect communications with PAR.

98. As part of the representation, the Eckert Firm and Pauciulo were to form an Agent Fund that was legally compliant with all applicable banking or SEC regulations, including SEC Regulation D, and to prepare all necessary Fund formation documents, as well as the investor statements and other documents that would be legally required, including a PPM.

ANSWER: To the extent the averments of Paragraph 98 refer to or rely on writings, such writings speak for themselves, Pauciulo and Eckert refer to such writings for their terms and any characterization of such writings is denied. To the extent the averments of Paragraph 98 are inconsistent with such writings and/or attempt to characterize such writings, the averments and/or characterizations are denied. By way of further response, the legal services to be provided were set forth in engagement letters and included the following: (i) the formation of a Delaware limited liability company; (ii) the preparation of a PPM to be used in connection with the offering of ownership interests in the fund; (iii) the preparation and filing of such forms as

Case ID: 201200892

may be necessary to have the fund comply with applicable state and federal securities laws including Form D; and (iv) counseling with respect to conducting the offering. The PPMs and related legal services rendered to each Plaintiff were consistent with the scope of the engagement.

99. In or around July 10, 2018, Cacchione, through the legal assistance of the Eckert Firm and Pauciulo (or other Eckert attorneys, under Pauciulo's direction and supervision), formed MFI.

ANSWER: Admitted.

100. At all relevant times, Pauciulo knew, or should have known based on discussions or other communications from Cacchione, that the Agent Fund was being formed specifically to invest in PAR Funding.

ANSWER: Denied as stated. It is admitted that Pauciulo knew that the investment fund was being formed to invest in PAR, but the investment decision ultimately rested with each Plaintiff and the management company. To the extent the averments of Paragraph 100 refer to writings, such writings speak for themselves and Pauciulo and Eckert refer to such writings for their terms and deny any characterization of such writings. To the extent the averments of Paragraph 100 are inconsistent with such writings and/or attempt to characterize such writings, the averments and/or characterizations are denied.

101. Pauciulo, and others working with him at the Eckert Firm, formed Merchant Factoring Income, LLC, and prepared a PPM that did not make necessary disclosures. At no time did Pauciulo, or any other Eckert attorney, advise MFI or Cacchione that it was necessary to amend the PPM to make disclosures about the risks of investing in PAR, although Pauciulo knew or should have known of those risks.

Case ID: 201200892

ANSWER: Admitted in part, denied in part. It is admitted that Eckert and Pauciulo formed MFI. To the extent the averments of Paragraph 101 consist of legal conclusions, no response is required, and they are therefore denied. It is specifically denied that Pauciulo or Eckert caused the PPM to not make necessary disclosures. By way of further response, the PPMs disclosed numerous risk factors, such as that "[u]nderwriting and risk management efforts may not be effective" and "[o]ther regulatory risks." The PPMs also warned that "[i]nvestment in the notes involves a high degree of risk and is suitable only for persons of substantial financial resources who have no need for liquidity in their investment." Moreover, the PPMs stated that "[n]o 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." The PPMs also disclaimed any duty to update.

102. Accordingly, Cacchione and MIF relied on this false and misleading legal work prepared by Pauciulo and the Eckert Firm, in encouraging investors to invest in MIF, which, in turn, invested in PAR Funding.

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to what Cacchione and MFI relied on, and therefore deny the same. It is specifically denied that Pauciulo and Eckert prepared false and misleading work.

103. Defendants were reckless, careless, and negligent when representing Plaintiffs, both generally and in the following specific ways:

Case ID: 201200892

(a) Providing false and inaccurate information regarding the legality of PAR Funding's operations;

ANSWER: Denied. To the extent the averments of Paragraph 103(a) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 103(a) are denied.

(b) Misrepresenting the safety and security of investing in PAR Funding;

ANSWER: Denied. To the extent the averments of Paragraph 103(b) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 103(b) are denied.

(c) Failing to disclose the criminal past of PAR Funding's principal, John LaForte;

ANSWER: Denied. To the extent the averments of Paragraph 103(c) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 103(c) are denied

(d) Failing to disclose a professional relationship to PAR Funding that created a conflict of interest in Defendants' representation of Plaintiffs in forming an Agent Fund to invest in PAR;

ANSWER: Denied. To the extent the averments of Paragraph 103(d) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, Pauciulo and Eckert deny that they had any professional relationship with PAR or that Pauciulo and Eckert had a conflict of interest.

Case ID: 201200892

(e) Encouraging Plaintiffs to invest in PAR and to solicit others to invest in PAR;

ANSWER: Denied. To the extent the averments of Paragraph 103(e) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, Pauciulo and Eckert deny that they encouraged Plaintiffs to invest in PAR or to solicit others to invest in PAR.

(f) Failing to advise that the Agent Fund strategy may not be compliant with SEC Regulations;

ANSWER: Denied. To the extent the averments of Paragraph 103(f) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 103(f) are denied.

(g) Failing to properly draft a PPM; and

ANSWER: Denied. To the extent the averments of Paragraph 103(g) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 103(g) are denied.

(h) Failing and or refusing to provide advice and legal support to Plaintiffs, the Defendants' clients, when the assets of PAR Funding were seized by the government, and PAR Funding came under close legal scrutiny.

ANSWER: Denied. To the extent the averments of Paragraph 103(h) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, Pauciulo and Eckert deny that they had any duty to provide advice and legal support to Plaintiffs after the SEC filed its action against PAR and others in July 2020.

Case ID: 201200892

104. As a result of Defendants' actions and omissions, Plaintiffs suffered economic losses in an amount of $786,0000, the amount of money MFI invested in PAR, excluding interest and counsel fees paid to Eckert.

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to how much money MFI invested and therefore deny the same. To the extent the averments of Paragraph 104 consist of legal conclusions, no response is required, and they are therefore denied. It is specifically denied that Plaintiffs suffered losses as a result of Pauciulo's and Eckert's actions.

105. In addition, Plaintiffs suffered additional losses including, but not limited to, counsel fees related to the SEC investigation and expended to defend against claims from their investors, as well as the loss of use of their investment.

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to whether or how much Plaintiffs paid in counsel fees related to the SEC investigation or their defense against claims from their investors and therefore deny the same. It is specifically denied that Plaintiffs suffered losses as a result of Pauciulo's and Eckert's actions.

WHEREFORE, Defendants Pauciulo and Eckert request that judgment be entered in their favor and against Plaintiffs Cacchione and MFI, dismissing the Complaint with prejudice, together with costs, attorneys' fees, and such other and further relief as the Court deems just and proper.

COUNT II - LEGAL MALPRACTICE (CONTRACT)

Plaintiffs Joseph Cacchione and Merchant Factoring Income, LLC v. Defendants

106. Plaintiffs incorporate paragraphs 1 through 95 as though set forth at length in this Count.

Case ID: 201200892

ANSWER: Pauciulo and Eckert incorporate Paragraphs 1 through 95 of this Answer as if fully set forth herein.

107. In or around the Summer 2018, Cacchione retained the legal services of Pauciulo and the Eckert Firm to represent him in the creation of an Agent Fund to operate as an investment vehicle and to hold the securities or promissory notes from PAR Funding, as described in the facts section of this Complaint. For reasons outside of his control, Cacchione cannot access a copy of his engagement letter with Eckert. Upon information and belief, the written contract is substantially similar to the other engagement letters attached as Exhibit A.

ANSWER: To the extent the averments of Paragraph 107 refer to or rely on writings, such writings speak for themselves, Pauciulo and Eckert refer to such writings for their terms and any characterization of such writings is denied. To the extent the averments of Paragraph 107 are inconsistent with such writings and/or attempt to characterize such writings, the averments and/or characterizations are denied.

108. As part of that representation, the Eckert Firm and Pauciulo were to form an Agent Fund that was legally compliant with all applicable banking or SEC regulations, including SEC Regulation D, and to prepare all necessary Fund formation documents, as well as the investor statements and other documents that would be legally required, including a PPM.

ANSWER: To the extent the averments of Paragraph 108 refer to or rely on writings, such writings speak for themselves, Pauciulo and Eckert refer to such writings for their terms and any characterization of such writings is denied. To the extent the averments of Paragraph 108 are inconsistent with such writings and/or attempt to characterize such writings, the averments and/or characterizations are denied. By way of further response, upon information and belief, the legal services to be provided consisted of the following: (i) the formation of a

Case ID: 201200892

Delaware limited liability company; (ii) the preparation of a PPM to be used in connection with the offering of ownership interests in the fund; (iii) 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 (iv) counseling with respect to conducting the offering.

109. In or around July 10, 2018, Cacchione, through the legal assistance of the Eckert Firm and Pauciulo (or other attorneys under Pauciulo's direction and supervision), formed MFI.

ANSWER: To the extent the averments of Paragraph 109 refer to or rely on writings, such writings speak for themselves, Pauciulo and Eckert refer to such writings for their terms and any characterization of such writings is denied. To the extent the averments of Paragraph 109 are inconsistent with such writings and/or attempt to characterize such writings, the averments and/or characterizations are denied.

110. In the engagement agreement, to the best of Cacchione's recollection, the Eckert Firm and Pauciulo expressly agreed that the representation necessarily would include: "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 "counseling with respect to the offering."

ANSWER: To the extent the averments of Paragraph 110 refer to or rely on writings, such writings speak for themselves, Pauciulo and Eckert refer to such writings for their terms and any characterization of such writings is denied. To the extent the averments of Paragraph 110 are inconsistent with such writings and/or attempt to characterize such writings, the averments and/or characterizations are denied.

111. The Eckert Firm and Pauciulo failed to discharge these express contractual obligations.

Case ID: 201200892

ANSWER: Denied. To the extent the averments of Paragraph 111 consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 111 are denied.

112. Moreover, the Eckert Firm and Pauciulo failed to provide legal services that were consistent with legal industry standards, which is an implied promise in every legal engagement.

ANSWER: Denied. To the extent the averments of Paragraph 112 consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 112 are denied.

113. Pauciulo, and others working with him at the Eckert Firm, formed the Merchant Factoring Income, LLC, and prepared a PPM that did not make necessary disclosures. At no time did Pauciulo, or any attorney from the Eckert Firm, advise MFI or Cacchione that it was necessary to amend the PPM to make disclosures about the risks of investing in PAR, although Pauciulo knew or should have known of those risks.

ANSWER: Admitted in part, denied in part. It is admitted that Eckert and Pauciulo formed MFI. To the extent the averments of Paragraph 113 consist of legal conclusions, no response is required, and they are therefore denied. It is specifically denied that Pauciulo or Eckert caused the PPM to not make necessary disclosures. By way of further response, the PPMs disclosed numerous risk factors, such as that "[u]nderwriting and risk management efforts may not be effective" and "[o]ther regulatory risks." The PPMs also warned that "[i]nvestment in the notes involves a high degree of risk and is suitable only for persons of substantial financial resources who have no need for liquidity in their investment." Moreover, the PPMs stated that "[n]o 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

Case ID: 201200892

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." The PPMs also disclaimed any duty to update.

114. Accordingly, Cacchione and MIF relied on this false and misleading legal work prepared by Pauciulo and the Eckert Firm, in encouraging investors to invest in MIF which, in turn, invested in PAR Funding.

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to what Cacchione and MFI relied on, and therefore deny the same. It is specifically denied that Pauciulo and Eckert prepared false and misleading work.

115. Defendants failed to prepare necessary documentation to ensure that MIF would be compliant with all state and federal securities laws, and did not provide appropriate counsel regarding the offering, in the following ways:

ANSWER: Denied. To the extent the averments of Paragraph 115 consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 115 are denied.

(a) Providing false and inaccurate information regarding the legality of PAR Funding's operations;

ANSWER: Denied. To the extent the averments of Paragraph 115(a) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 115(a) are denied.

Case ID: 201200892

(b) Misrepresenting the safety and security of investing in PAR Funding;

ANSWER: Denied. To the extent the averments of Paragraph 115(b) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 115(b) are denied.

(c) Failing to disclose the criminal past of PAR Funding's principal, John LaForte;

ANSWER: Denied. To the extent the averments of Paragraph 115(c) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 115(c) are denied.

(d) Failing to disclose a professional relationship to PAR Funding that created a conflict of interest in Defendants' representation of Plaintiffs in forming an Agent Fund to invest in PAR;

ANSWER: Denied. To the extent the averments of Paragraph 115(d) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, Pauciulo and Eckert deny that they had any professional relationship with PAR Funding.

(e) Encouraging Plaintiffs to invest in PAR and to solicit others to invest in PAR;

ANSWER: Denied. To the extent the averments of Paragraph 115(e) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, Pauciulo and Eckert deny that they encouraged Plaintiffs to invest in PAR or to solicit others to invest in PAR.

Case ID: 201200892

(f) Failing to advise that the Agent Fund strategy may not be compliant with SEC Regulations;

ANSWER: Denied. To the extent the averments of Paragraph 115(f) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 115(f) are denied

(g) Failing to properly draft a PPM; and

ANSWER: Denied. To the extent the averments of Paragraph 115(g) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 115(g) are denied

(h) Failing and or refusing to provide advice and legal support to Plaintiffs, the Defendants' clients, when the assets of PAR Funding were seized by the government, and PAR Funding came under close legal scrutiny.

ANSWER: Denied. To the extent the averments of Paragraph 115(h) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, Pauciulo and Eckert deny that they had any duty to provide advice and legal support to Plaintiffs after the SEC filed its action against PAR and others in July 2020.

116. As a result of Defendants' breach of contract, Plaintiffs suffered economic losses in an amount of $786,000, the amount of money MFI invested in PAR, excluding interest and fees paid to Eckert.

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to how much money MFI invested and therefore deny the same. To the extent the averments of Paragraph 116 consist of legal conclusions, no

Case ID: 201200892

response is required, and they are therefore denied. It is specifically denied that Plaintiffs suffered losses as a result of Pauciulo's and Eckert's actions.

117. In addition, Plaintiffs suffered consequential damages including, but not limited to, counsel fees, the loss of use of their investment, lost profits and/or interest.

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to whether or how much Plaintiffs paid in counsel fees and therefore deny the same. To the extent the averments of Paragraph 117 consist of legal conclusions, no response is required, and they are therefore denied. It is specifically denied that Plaintiffs suffered losses as a result of Pauciulo's and Eckert's actions.

WHEREFORE, Defendants Pauciulo and Eckert request that judgment be entered in their favor and against Plaintiffs Cacchione and MFI, dismissing the Complaint with prejudice, together with costs, attorneys' fees, and such other and further relief as the Court deems just and proper.

COUNT III - LEGAL MALPRACTICE (TORT)

Plaintiffs Francis Cassidy and Victory Income Fund, LLC v. Defendants

118. Plaintiffs incorporate paragraphs 1 through 95 as though set forth at length in this Count.

ANSWER: Pauciulo and Eckert incorporate Paragraphs 1 through 95 of this Answer as if fully set forth herein.

119. On or about, April 17, 2019, Cassidy retained the legal services of Pauciulo and the Eckert Firm to represent him in the creation of an Agent Fund to operate as an investment vehicle and to hold the securities or promissory notes from PAR Funding, as described in the facts section of this Complaint. A true and correct copy of the engagement letter is attached as Exhibit A.

Case ID: 201200892

ANSWER: Admitted in part, denied in part. It is admitted that on or about April 17, 2019, Cassidy retained the legal services of Pauciulo and Eckert to represent Cassidy in claims asserted against him by the Commonwealth of Pennsylvania, Department of Banking and Securities, Bureau of Securities and Compliance and Examinations. It is admitted that Cassidy also retained Pauciulo and Eckert in connection with the creation of an investment fund. By way of further response, Cassidy's engagement was governed by a writing that speaks for itself, which Pauciulo and Eckert refer to for its terms. Any characterization of such writing is denied. To the extent the averments of Paragraph 119 are inconsistent with such writing and/or attempt to characterize such writing, the averments and/or characterizations are denied. It is denied that the investment funds sought individuals to invest in the purchase of a security that would be invested in PAR, specifically. The PPMs for the investment funds contemplated investments in merchant cash advance companies and stated that "[t]he 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." However, Plaintiffs' investment focus was on PAR, and upon information and belief, Plaintiffs conducted their own due diligence through meetings with representatives of PAR and review of materials from PAR as well as other direct or indirect communications with PAR.

120. As part of the representation, the Eckert Firm and Pauciulo were to form an Agent Fund that was legally compliant with all applicable banking or SEC regulations, including SEC Regulation D, and to prepare all necessary Fund formation documents, as well as the investor statements and other documents that would be legally required, including a PPM.

ANSWER: To the extent the averments of Paragraph 120 refer to or rely on writings, such writings speak for themselves, Pauciulo and Eckert refer to such writings for their

Case ID: 201200892

terms and any characterization of such writings is denied. To the extent the averments of Paragraph 120 are inconsistent with such writings and/or attempt to characterize such writings, the averments and/or characterizations are denied. By way of further response, the legal services to be provided were set forth in engagement letters and included the following: (i) the formation of a Delaware limited liability company; (ii) the preparation of a PPM to be used in connection with the offering of ownership interests in the fund; (iii) 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 (iv) counseling with respect to conducting the offering. The PPMs and related legal services rendered to each Plaintiff were consistent with the scope of the engagement.

121. In or around June 1, 2019, Cassidy, through the legal assistance of the Eckert Firm and Pauciulo (or other attorneys under Pauciulo's direction and supervision), formed VIF.

ANSWER: Admitted in part, denied in part. VIF was formed, through the legal assistance of Pauciulo and Eckert, on May 4, 2018.

122. At all relevant times, Pauciulo knew, or should have known based on discussions or other communications from Cassidy, that the Agent Fund was being formed specifically to invest in PAR Funding.

ANSWER: Denied as stated. It is admitted that Pauciulo knew that the investment fund was being formed to invest in PAR, but the investment decision ultimately rested with each Plaintiff and the management company. To the extent the averments of Paragraph 122 refer to writings, such writings speak for themselves and Pauciulo and Eckert refer to such writings for their terms and deny any characterization of such writings. To the

Case ID: 201200892

extent the averments of Paragraph 122 are inconsistent with such writings and/or attempt to characterize such writings, the averments and/or characterizations are denied.

123. Pauciulo, and others working with him at the Eckert Firm, formed VIF and prepared a PPM that did not make necessary disclosures. At no time did Pauciulo, or any other Eckert attorney, advise VIF or Cassidy that it was necessary to amend the PPM to make disclosures about the risks of investing in PAR, although Pauciulo knew or should have known of those risks.

ANSWER: Admitted in part, denied in part. It is admitted that Eckert and Pauciulo formed VIF. To the extent the averments of Paragraph 123 consist of legal conclusions, no response is required, and they are therefore denied. It is specifically denied that Pauciulo or Eckert caused the PPM to not make necessary disclosures. By way of further response, the PPMs disclosed numerous risk factors, such as that "[u]nderwriting and risk management efforts may not be effective" and "[o]ther regulatory risks." The PPMs also warned that "[i]nvestment in the notes involves a high degree of risk and is suitable only for persons of substantial financial resources who have no need for liquidity in their investment." Moreover, the PPMs stated that "[n]o 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." The PPMs also disclaimed any duty to update.

Case ID: 201200892

124. Accordingly, Cassidy and VIF relied on this false and misleading legal work prepared by Pauciulo and the Eckert Firm, in encouraging investors to invest in VIF which, in turn, invested in PAR Funding.

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to what Cassidy and VIF relied on, and therefore deny the same. It is specifically denied that Pauciulo and Eckert prepared false and misleading work.

125. Defendants were reckless, careless, and negligent when representing Plaintiffs, both generally and in the following specific ways:

(a) Providing false and inaccurate information regarding the legality of PAR Funding's operations;

ANSWER: Denied. To the extent the averments of Paragraph 125(a) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 125(a) are denied.

(b) Misrepresenting the safety and security of investing in PAR Funding;

ANSWER: Denied. To the extent the averments of Paragraph 125(b) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 125(b) are denied.

(c) Failing to disclose the criminal past of PAR Funding's principal, Joseph LaForte;

Case ID: 201200892

ANSWER: Denied. To the extent the averments of Paragraph 125(c) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 125(c) are denied.

(d) Failing to disclose a professional relationship to PAR Funding that created a conflict of interest in Defendants' representation of Plaintiffs in forming an Agent Fund to invest in PAR;

ANSWER: Denied. To the extent the averments of Paragraph 125(d) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 125(d) are denied.

(e) Encouraging Plaintiffs to invest in PAR and to solicit others to invest in PAR;

ANSWER: Denied. To the extent the averments of Paragraph 125(e) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 125(e) are denied.

(f) Failing to advise that the Agent Fund strategy may not be compliant with SEC Regulations;

ANSWER: Denied. To the extent the averments of Paragraph 125(f) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 125(f) are denied.

(g) Failing to properly draft a PPM; and

ANSWER: Denied. To the extent the averments of Paragraph 125(g) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 125(g) are denied.

Case ID: 201200892

(h) Failing and or refusing to provide advice and legal support to Plaintiffs, the Defendants' clients, when the assets of PAR Funding were seized by the government, and PAR Funding came under close legal scrutiny.

ANSWER: Denied. To the extent the averments of Paragraph 125(h) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 125(h) are denied.

126. As a result of Defendants' actions and omissions, Plaintiffs suffered economic losses in an amount of $639,000, the amount of money VIF invested in PAR, excluding interest, and $290,000, the amount of money Cassidy invested in VIF and fees paid to Eckert.

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to how much money VIF or Cassidy invested and therefore deny the same. To the extent the averments of Paragraph 126 consist of legal conclusions, no response is required, and they are therefore denied. It is specifically denied that Plaintiffs suffered losses as a result of Pauciulo's and Eckert's actions.

127. In addition, Plaintiffs suffered additional losses including, but not limited to, counsel fees related to the SEC investigation and expended to defend against claims from their investors, as well as the loss of use of their investment and earned interest on the investment.

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to whether or how much Plaintiffs paid in counsel fees related to the SEC investigation or their defense against claims from their investors and therefore deny the same. It is specifically denied that Plaintiffs suffered losses as a result of Pauciulo's and Eckert's actions.

Case ID: 201200892

WHEREFORE, Defendants Pauciulo and Eckert request that judgment be entered in their favor and against Plaintiffs Francis Cassidy and Victory Income Fund, LLC, dismissing the Complaint with prejudice, together with costs, attorneys' fees, and such other and further relief as the Court deems just and proper.

COUNT IV - LEGAL MALPRACTICE (CONTRACT)

Plaintiffs Francis Cassidy and Victory Income Fund, LLC v. Defendants

128. Plaintiffs incorporate paragraphs 1 through 95 as though set forth at length in this Count.

ANSWER: Pauciulo and Eckert incorporate Paragraphs 1 through 95 of this Answer as if fully set forth herein.

129. On or about, April 17, 2019, Cassidy retained the legal services of Pauciulo and the Eckert Firm to represent him in the creation of an Agent Fund to operate as an investment vehicle and to hold the securities or promissory notes from PAR Funding, as described in the facts section of this Complaint. A true and correct copy of the engagement letter is attached as Exhibit A.

ANSWER: Admitted in part, denied in part. It is admitted that on or about April 17, 2019, Cassidy retained the legal services of Pauciulo and Eckert to represent Cassidy in claims asserted against him by the Commonwealth of Pennsylvania, Department of Banking and Securities, Bureau of Securities and Compliance and Examinations. It is admitted that Cassidy also retained Pauciulo and Eckert in connection with the creation of an investment fund. By way of further response, Cassidy's engagement was governed by a writing that speaks for itself, which Pauciulo and Eckert refer to for its terms. Any characterization of such writing is denied. To the extent the averments of Paragraph 129 are inconsistent with such writing and/or attempt to characterize such writing, the averments and/or characterizations are denied. It is denied that

Case ID: 201200892

the investment funds sought individuals to invest in the purchase of a security that would be invested in PAR, specifically. The PPMs for the investment funds contemplated investments in merchant cash advance companies and stated that "[t]he 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." However, Plaintiffs' investment focus was on PAR, and upon information and belief, Plaintiffs conducted their own due diligence through meetings with representatives of PAR and review of materials from PAR as well as other direct or indirect communications with PAR.

130. As part of that representation, the Eckert Firm and Pauciulo were to form an Agent Fund that was legally compliant with all applicable banking or SEC regulations, including SEC Regulation D, and to prepare all necessary Fund formation documents, as well as the investor statements and other documents that would be legally required, including a PPM.

ANSWER: To the extent the averments of Paragraph 130 refer to or rely on writings, such writings speak for themselves, Pauciulo and Eckert refer to such writings for their terms and any characterization of such writings is denied. To the extent the averments of Paragraph 130 are inconsistent with such writings and/or attempt to characterize such writings, the averments and/or characterizations are denied. By way of further response, the legal services to be provided were set forth in engagement letters and included the following: (i) the formation of a Delaware limited liability company; (ii) the preparation of a PPM to be used in connection with the offering of ownership interests in the fund; (iii) 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 (iv) counseling with respect to conducting the offering. The PPMs and

Case ID: 201200892

related legal services rendered to each Plaintiff were consistent with the scope of the engagement.

131. In or around June 1, 2019, Cassidy, through the legal assistance of the Eckert Firm and Pauciulo (or other attorneys under Pauciulo's direction and supervision), formed VIF.

ANSWER: Admitted in part, denied in part. VIF was formed, through the legal assistance of Pauciulo and Eckert, on May 4, 2018.

132. In the engagement agreement, the Eckert Firm and Pauciulo expressly agreed that the representation necessarily would include: "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 "counseling with respect to the offering."

ANSWER: To the extent the averments of Paragraph 132 refer to or rely on writings, such writings speak for themselves, Pauciulo and Eckert refer to such writings for their terms and any characterization of such writings is denied. To the extent the averments of Paragraph 132 are inconsistent with such writings and/or attempt to characterize such writings, the averments and/or characterizations are denied.

133. The Eckert Firm and Pauciulo failed to discharge these express contractual obligations.

ANSWER: Denied. To the extent the averments of Paragraph 133 consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 133 are denied.

134. Moreover, the Eckert Firm and Pauciulo failed to provide legal services that were consistent with legal industry standards, which is an implied promise in every legal engagement.

Case ID: 201200892

ANSWER: Denied. To the extent the averments of Paragraph 134 consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 134 are denied.

135. Pauciulo, and others working with him at the Eckert Firm, formed Victory Income Fund, LLC, and prepared a PPM that did not make necessary disclosures. At no time did Pauciulo, or any attorney from the Eckert Firm, advise VIF or Cassidy that it was necessary to amend the PPM to make disclosures about the risks of investing in PAR, although Pauciulo knew or should have known of those risks.

ANSWER: Admitted in part, denied in part. It is admitted that Eckert and Pauciulo formed VIF. To the extent the averments of Paragraph 135 consist of legal conclusions, no response is required, and they are therefore denied. It is specifically denied that Pauciulo or Eckert caused the PPM to not make necessary disclosures. By way of further response, the PPMs disclosed numerous risk factors, such as that "[u]nderwriting and risk management efforts may not be effective" and "[o]ther regulatory risks." The PPMs also warned that "[i]nvestment in the notes involves a high degree of risk and is suitable only for persons of substantial financial resources who have no need for liquidity in their investment." Moreover, the PPMs stated that "[n]o 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." The PPMs also disclaimed any duty to update.

Case ID: 201200892

136. Accordingly, Cassidy and VIF relied on this false and misleading legal work prepared by Pauciulo and the Eckert Firm, in encouraging investors to invest in VIF which, in turn, invested in PAR Funding.

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to what Cassidy and VIF relied on, and therefore deny the same. It is specifically denied that Pauciulo and Eckert prepared false and misleading work.

137. Defendants failed to prepare necessary documentation to ensure that MIF would be compliant with all state and federal securities laws, and did not provide appropriate counsel regarding the offering, in the following ways:

(a) Providing false and inaccurate information regarding the legality of PAR Funding's operations;

ANSWER: Denied. To the extent the averments of Paragraph 137(a) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 137(a) are denied.

(b) Misrepresenting the safety and security of investing in PAR Funding;

ANSWER: Denied. To the extent the averments of Paragraph 137(b) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 137(b) are denied.

(c) Failing to disclose the criminal past of PAR Funding's principal, Joseph LaForte;

Case ID: 201200892

ANSWER: Denied. To the extent the averments of Paragraph 137(c) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 137(c) are denied.

(d) Failing to disclose a professional relationship to PAR Funding that created a conflict of interest in Defendants' representation of Plaintiffs in forming an Agent Fund to invest in PAR;

ANSWER: Denied. To the extent the averments of Paragraph 137(d) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 137(d) are denied.

(e) Encouraging Plaintiffs to invest in PAR and to solicit others to invest in PAR;

ANSWER: Denied. To the extent the averments of Paragraph 137(e) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 137(e) are denied.

(f) Failing to advise that the Agent Fund strategy may not be compliant with SEC Regulations;

ANSWER: Denied. To the extent the averments of Paragraph 137(f) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 137(f) are denied.

(g) Failing to properly draft a PPM; and

ANSWER: Denied. To the extent the averments of Paragraph 137(g) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 137(g) are denied.

Case ID: 201200892

(h) Failing and or refusing to provide advice and legal support to Plaintiffs, the Defendants' clients, when the assets of PAR Funding were seized by the government, and PAR Funding came under close legal scrutiny.

ANSWER: Denied. To the extent the averments of Paragraph 137(h) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 137(h) are denied.

138. As a result of Defendants' breach of contract, Plaintiffs suffered economic losses in an amount of $639,000, the amount of money VIF invested in PAR, excluding interest, and $290,000, the amount of money Cassidy invested in VIF, all excluding interest and fees paid to Eckert.

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to how much moneyVIF or Cassidy invested and therefore deny the same. To the extent the averments of Paragraph 138 consist of legal conclusions, no response is required, and they are therefore denied. It is specifically denied that Plaintiffs suffered losses as a result of Pauciulo's and Eckert's actions.

139. In addition, Plaintiffs suffered consequential damages including, but not limited to, counsel fees, the loss of use of their investment, lost profits and/or interest.

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to whether or how much Plaintiffs paid in counsel fees and therefore deny the same. To the extent the averments of Paragraph 139 consist of legal conclusions, no response is required, and they are therefore denied. It is specifically denied that Plaintiffs suffered losses as a result of Pauciulo's and Eckert's actions.

Case ID: 201200892

WHEREFORE, Defendants Pauciulo and Eckert request that judgment be entered in their favor and against Plaintiffs Francis Cassidy and Victory Income Fund, LLC, dismissing the Complaint with prejudice, together with costs, attorneys' fees, and such other and further relief as the Court deems just and proper.

COUNT V - LEGAL MALPRACTICE (TORT)

Plaintiffs Yajun Chu and WorkWell Fund I, LLC v. Defendants

140. Plaintiffs incorporate paragraphs 1 through 95 as though set forth at length in this Count.

ANSWER: Pauciulo and Eckert incorporate Paragraphs 1 through 95 of this Answer as if fully set forth herein.

141. On or about, March 11, 2019, Chu retained the legal services of Pauciulo and Eckert to represent him in the creation of an agent fund to operate as an investment vehicle and hold the securities or promissory notes from PAR Funding, as described in the facts section of this Complaint. A true and correct copy of the engagement letter is attached as Exhibit A.

ANSWER: Admitted in part, denied in part. It is admitted that on or about March 11, 2019, Chu retained the legal services of Pauciulo and Eckert. By way of further response, Chu's engagement was governed by a writing that speaks for itself, which Pauciulo and Eckert refer to for its terms. Any characterization of such writing is denied. To the extent the averments of Paragraph 141 are inconsistent with such writing and/or attempt to characterize such writing, the averments and/or characterizations are denied. It is denied that the investment funds sought individuals to invest in the purchase of a security that would be invested in PAR, specifically. The PPMs for the investment funds contemplated investments in merchant cash advance companies and stated that "[t]he proceeds from the sales of the Notes will be used to purchase promissory notes and other similar debt instruments offered and sold by companies

Case ID: 201200892

which provide 'Merchant Cash Advance' financing." However, Plaintiffs' investment focus was on PAR, and upon information and belief, Plaintiffs conducted their own due diligence through meetings with representatives of PAR and review of materials from PAR as well as other direct or indirect communications with PAR.

142. As part of the representation, Eckert and Pauciulo were to form an agent fund that was legally compliant with all applicable banking or SEC regulations, including SEC Regulation D, and to prepare all necessary fund formation documents and the investor statements and other documents that would be legally required, including a PPM.

ANSWER: To the extent the averments of Paragraph 142 refer to or rely on writings, such writings speak for themselves, Pauciulo and Eckert refer to such writings for their terms and any characterization of such writings is denied. To the extent the averments of Paragraph 142 are inconsistent with such writings and/or attempt to characterize such writings, the averments and/or characterizations are denied. By way of further response, the legal services to be provided were set forth in engagement letters and included the following: (i) the formation of a Delaware limited liability company; (ii) the preparation of a PPM to be used in connection with the offering of ownership interests in the fund; (iii) 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 (iv) counseling with respect to conducting the offering. The PPMs and related legal services rendered to each Plaintiff were consistent with the scope of the engagement.

143. In or around April 29, 2019, Chu, through the legal assistance of Eckert and Pauciulo (or other attorneys under Pauciulo's direction and supervision), formed WWF.

ANSWER: Admitted.

Case ID: 201200892

144. At all relevant times, Pauciulo knew or should have known based on discussions or other communications from Chu, that WWF was being formed specifically to invest in PAR Funding.

ANSWER: Denied as stated. It is admitted that Pauciulo knew that the investment fund was being formed to invest in PAR, but the investment decision ultimately rested with each Plaintiff and the management company. To the extent the averments of Paragraph 144 refer to writings, such writings speak for themselves and Pauciulo and Eckert refer to such writings for their terms and deny any characterization of such writings. To the extent the averments of Paragraph 144 are inconsistent with such writings and/or attempt to characterize such writings, the averments and/or characterizations are denied.

145. Pauciulo, and others working with him at Eckert, formed WorkWell Fund I, LLC, and prepared a PPM that did not make necessary disclosures. At no time did Pauciulo or any other Eckert attorney advise WWF or Chu that it was necessary to amend the PPM to make disclosures about the risks of investing in PAR, although Pauciulo and Eckert knew or should have known of those risks.

ANSWER: Admitted in part, denied in part. It is admitted that Pauciulo and Eckert formed WWF. To the extent the averments of Paragraph 145 consist of legal conclusions, no response is required, and they are therefore denied. It is specifically denied that Pauciulo or Eckert caused the PPM to not make any necessary disclosures. By way of further response, the PPMs disclosed numerous risk factors, such as that "[u]nderwriting and risk management efforts may not be effective" and "[o]ther regulatory risks." The PPMs also warned that "[i]nvestment in the notes involves a high degree of risk and is suitable only for persons of substantial financial resources who have no need for liquidity in their investment." Moreover, the PPMs stated that

Case ID: 201200892

"[n]o 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." The PPMs also disclaimed any duty to update.

146. Defendants were reckless, careless, and negligent when representing Plaintiffs both generally and in the following specific ways:

(a) Providing false and inaccurate information regarding the legality of PAR Funding's operations;

ANSWER: Denied. To the extent the averments of Paragraph 146(a) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 146(a) are denied.

(b) Failing to disclose the criminal past of PAR Funding's principal, Joseph LaForte;

ANSWER: Denied. To the extent the averments of Paragraph 146(b) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 146(b) are denied.

(c) Failing to disclose a professional relationship to PAR Funding that created a conflict of interest in Defendants' representation of Plaintiffs in forming an agent fund to invest in PAR;

ANSWER: Denied. To the extent the averments of Paragraph 146(c) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 146(c) are denied.

Case ID: 201200892

(d) Encouraging Plaintiffs to invest in PAR and to solicit others to invest in PAR;

ANSWER: Denied. To the extent the averments of Paragraph 146(d) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 146(d) are denied.

(e) Failing to advise that the Agent Fund strategy may not be compliant with SEC Regulations; and

ANSWER: Denied. To the extent the averments of Paragraph 146(e) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 146(e) are denied.

(f) Failing to properly draft a PPM.

ANSWER: Denied. To the extent the averments of Paragraph 146(f) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 146(f) are denied.

147. As a result of Defendants' actions and omissions, Plaintiffs suffered economic losses in an amount of $502,000, the amount of money WWF invested in PAR, excluding interest and loss of use of the money and fees paid to Eckert.

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to how much money WWF invested and therefore deny the same. To the extent the averments of Paragraph 147 consist of legal conclusions, no response is required, and they are therefore denied. It is specifically denied that Plaintiffs suffered losses as a result of Pauciulo's and Eckert's actions.

Case ID: 201200892

148. In addition, Plaintiffs' suffered additional losses including, but not limited to, counsel fees related to the SEC investigation, and the loss of use of their investment.

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to whether or how much Plaintiffs paid in counsel fees related to the SEC investigation or their defense against claims from their investors and therefore deny the same. It is specifically denied that Plaintiffs suffered losses as a result of Pauciulo's and Eckert's actions.

WHEREFORE, Defendants Pauciulo and Eckert request that judgment be entered in their favor and against Plaintiffs Yajun Chu and WorkWell Fund I, LLC, dismissing the Complaint with prejudice, together with costs, attorneys' fees, and such other and further relief as the Court deems just and proper.

COUNT VI - LEGAL MALPRACTICE (CONTRACT) PLAINTIFFS YAJUN CHU AND WORKWELL FUND I, LLC V. DEFENDANTS

149. Plaintiffs incorporate paragraphs 1 through 95 as though set forth at length in this Count.

ANSWER: Pauciulo and Eckert incorporate Paragraphs 1 through 95 of this Answer as if fully set forth herein.

150. On or about, March 11, 2019, Chu retained the legal services of Pauciulo and Eckert to represent him in the creation of an agent fund to operate as an investment vehicle and to hold the securities or promissory notes from PAR Funding, as described in the facts section of this Complaint. A true and correct copy of the engagement letter is attached as Exhibit A.

ANSWER: Admitted in part, denied in part. It is admitted that on or about March 11, 2019, Chu retained the legal services of Pauciulo and Eckert. By way of further response, Chu's engagement was governed by a writing that speaks for itself, which Pauciulo

Case ID: 201200892

and Eckert refer to for its terms. Any characterization of such writing is denied. To the extent the averments of Paragraph 150 are inconsistent with such writing and/or attempt to characterize such writing, the averments and/or characterizations are denied. It is denied that the investment funds sought individuals to invest in the purchase of a security that would be invested in PAR, specifically. The PPMs for the investment funds contemplated investments in merchant cash advance companies and stated that "[t]he 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." However, Plaintiffs' investment focus was on PAR, and upon information and belief, Plaintiffs conducted their own due diligence through meetings with representatives of PAR and review of materials from PAR as well as other direct or indirect communications with PAR.

151. As part of the representation, Eckert and Pauciulo were to form an agent fund that was legally compliant with all applicable banking or SEC regulations, including SEC Regulation D, and to prepare all necessary fund formation documents and the investor statements and other documents that would be legally required, including a PPM.

ANSWER: To the extent the averments of Paragraph 151 refer to or rely on writings, such writings speak for themselves, Pauciulo and Eckert refer to such writings for their terms and any characterization of such writings is denied. To the extent the averments of Paragraph 151 are inconsistent with such writings and/or attempt to characterize such writings, the averments and/or characterizations are denied. By way of further response, the legal services to be provided were set forth in engagement letters and included the following: (i) the formation of a Delaware limited liability company; (ii) the preparation of a PPM to be used in connection with the offering of ownership interests in the fund; (iii) the preparation and filing of such forms

Case ID: 201200892

as may be necessary to have the fund comply with applicable state and federal securities laws including Form D; and (iv) counseling with respect to conducting the offering. The PPMs and related legal services rendered to each Plaintiff were consistent with the scope of the engagement.

152. In or around April 19, 2019, Chu, through the legal assistance of Eckert and Pauciulo (or other attorneys under Pauciulo's direction and supervision), formed WorkWell Fund I, LLC.

ANSWER: Admitted.

153. In the engagement agreement, the firm and Pauciulo expressly agreed that the representation necessarily would include: "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 "counseling with respect to the offering."

ANSWER: To the extent the averments of Paragraph 153 refer to or rely on writings, such writings speak for themselves, Pauciulo and Eckert refer to such writings for their terms and any characterization of such writings is denied. To the extent the averments of Paragraph 153 are inconsistent with such writings and/or attempt to characterize such writings, the averments and/or characterizations are denied.

154. The firm and Pauciulo failed to discharge these express contractual obligations.

ANSWER: Denied. To the extent the averments of Paragraph 154 consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 154 are denied.

155. Moreover, the Firm and Pauciulo failed to provide legal services that were consistent with legal industry standards, which is an implied promise in every legal engagement.

Case ID: 201200892

ANSWER: Denied. To the extent the averments of Paragraph 155 consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 155 are denied.

156. Pauciulo, and others working with at Eckert, formed WorkWell Fund I, LLC, and prepared a PPM that did not make necessary disclosures. At no time did Pauciulo, or any other attorney at Eckert, advise WWF or Chu that it was necessary to amend the PPM to make disclosures about the risks of investing in PAR, although Pauciulo knew or should have known of those risks.

ANSWER: Admitted in part, denied in part. It is admitted that Eckert and Pauciulo formed WWF. To the extent the averments of Paragraph 156 consist of legal conclusions, no response is required, and they are therefore denied. It is specifically denied that Pauciulo or Eckert caused the PPM to not make necessary disclosures. By way of further response, the PPMs disclosed numerous risk factors, such as that "[u]nderwriting and risk management efforts may not be effective" and "[o]ther regulatory risks." The PPMs also warned that "[i]nvestment in the notes involves a high degree of risk and is suitable only for persons of substantial financial resources who have no need for liquidity in their investment." Moreover, the PPMs stated that "[n]o 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." The PPMs also disclaimed any duty to update.

Case ID: 201200892

157. Accordingly, Chu and WWF relied on this false and misleading legal work prepared by Pauciulo and Eckert Seamans, encouraging investors to invest in WWF, for the purpose of investing in PAR Funding.

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to what Chu and WWF relied on, and therefore deny the same. It is specifically denied that Pauciulo and Eckert prepared false and misleading work.

158. Defendants failed to prepare necessary documentation to ensure that WWF would be compliant with all state and federal banking and securities laws, and did not provide appropriate counsel regarding the offering in the following ways:

(a) Providing false and inaccurate information regarding the legality of PAR Funding's operations;

ANSWER: Denied. To the extent the averments of Paragraph 158(a) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 158(a) are denied.

(b) Misrepresenting the safety and security of investing in PAR Funding;

ANSWER: Denied. To the extent the averments of Paragraph 158(b) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 158(b) are denied.

(c) Failing to disclose the criminal past of PAR Funding's principal, Joseph LaForte;

Case ID: 201200892

ANSWER: Denied. To the extent the averments of Paragraph 158(c) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 158(c) are denied.

(d) Failing to disclose a professional relationship to PAR Funding that created a conflict of interest in Defendants' representation of Plaintiffs in forming an agent fund to invest in PAR;

ANSWER: Denied. To the extent the averments of Paragraph 158(d) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 158(d) are denied.

(e) Encouraging Plaintiffs to invest in PAR and to solicit others to invest in PAR;

ANSWER: Denied. To the extent the averments of Paragraph 158(e) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 158(e) are denied.

(f) Failing to advise that the Agent Fund strategy may not be compliant with SEC Regulations; and

ANSWER: Denied. To the extent the averments of Paragraph 158(f) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 158(f) are denied.

(g) Failing to properly draft a PPM.

ANSWER: Denied. To the extent the averments of Paragraph 158(g) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 158(g) are denied.

Case ID: 201200892

159. As a result of Defendants' breach of contract, Plaintiffs suffered economic losses in an amount of $502,000, the amount of money excluding interest, the amount of money invested in WWF and WWF invested in PAR Funding, plus legal fees paid to Eckert.

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to how much money was invested in WWF or how much money WWF invested and therefore deny the same. To the extent the averments of Paragraph 159 consist of legal conclusions, no response is required, and they are therefore denied. It is specifically denied that Plaintiffs suffered losses as a result of Pauciulo's and Eckert's actions.

160. In addition, Plaintiffs suffered consequential damages including, but not limited to, counsel fees, the loss of use of their investment, lost profits and/or interest.

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to whether or how much Plaintiffs paid in counsel fees and therefore deny the same. To the extent the averments of Paragraph 160 consist of legal conclusions, no response is required, and they are therefore denied. It is specifically denied that Plaintiffs suffered losses as a result of Pauciulo's and Eckert's actions.

WHEREFORE, Defendants Pauciulo and Eckert request that judgment be entered in their favor and against Plaintiffs Yajun Chu and WorkWell Fund I, LLC, dismissing the Complaint with prejudice, together with costs, attorneys' fees, and such other and further relief as the Court deems just and proper.

COUNT VII - LEGAL MALPRACTICE (TORT)

Plaintiffs Brian Drake and Cape Cod Income Fund, LLC v. Defendants

161. Plaintiffs incorporate paragraphs 1 through 95 as though set forth at length in this Count.

Case ID: 201200892

ANSWER: Pauciulo and Eckert incorporate Paragraphs 1 through 95 of this Answer as if fully set forth herein.

162. On or about, April 9, 2018, Drake retained the legal services of Pauciulo and the Eckert Firm to represent him in the creation of an Agent Fund to operate as an investment vehicle and hold the securities or promissory notes from PAR Funding, as described in the facts section of this Complaint. A true and correct copy of the engagement letter is attached as Exhibit A.

ANSWER: Admitted in part, denied in part. It is admitted that on or about April 9, 2018, Drake retained the legal services of Pauciulo and Eckert. By way of further response, Drake's engagement was governed by a writing that speaks for itself, which Pauciulo and Eckert refer to for its terms. Any characterization of such writing is denied. To the extent the averments of Paragraph 162 are inconsistent with such writing and/or attempt to characterize such writing, the averments and/or characterizations are denied. It is denied that the investment funds sought individuals to invest in the purchase of a security that would be invested in PAR, specifically. The PPMs for the investment funds contemplated investments in merchant cash advance companies and stated that "[t]he 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." However, Plaintiffs' investment focus was on PAR, and upon information and belief, Plaintiffs conducted their own due diligence through meetings with representatives of PAR and review of materials from PAR as well as other direct or indirect communications with PAR.

163. As part of the representation, the Eckert Firm and Pauciulo were to form an Agent Fund that was legally compliant with all applicable banking or SEC regulations, including SEC

Case ID: 201200892

Regulation D, and to prepare all necessary Fund formation documents, as well as the investor statements and other documents that would be legally required, including a PPM.

ANSWER: To the extent the averments of Paragraph 163 refer to or rely on writings, such writings speak for themselves, Pauciulo and Eckert refer to such writings for their terms and any characterization of such writings is denied. To the extent the averments of Paragraph 163 are inconsistent with such writings and/or attempt to characterize such writings, the averments and/or characterizations are denied. By way of further response, the legal services to be provided were set forth in engagement letters and included the following: (i) the formation of a Delaware limited liability company; (ii) the preparation of a PPM to be used in connection with the offering of ownership interests in the fund; (iii) 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 (iv) counseling with respect to conducting the offering. The PPMs and related legal services rendered to each Plaintiff were consistent with the scope of the engagement.

164. On or around April 23, 2018, Drake, through the legal assistance of the Eckert Firm and Pauciulo (or other attorneys under Pauciulo's direction and supervision), formed CCF.

ANSWER: Admitted.

165. At all relevant times, Pauciulo knew, or should have known based on discussions or other communications from Drake, that the Agent Fund was being formed specifically to invest in PAR Funding.

ANSWER: Denied as stated. It is admitted that Pauciulo knew that the investment fund was being formed to invest in PAR, but the investment decision ultimately rested with each Plaintiff and the management company. To the extent the averments of

Case ID: 201200892

Paragraph 165 refer to writings, such writings speak for themselves and Pauciulo and Eckert refer to such writings for their terms and deny any characterization of such writings. To the extent the averments of Paragraph 165 are inconsistent with such writings and/or attempt to characterize such writings, the averments and/or characterizations are denied.

166. Pauciulo, and others working with him at the Eckert Firm, formed Cape Cod Income Fund, LLC, and prepared a PPM that did not make necessary disclosures. At no time did Pauciulo, or any other Eckert attorney, advise CCF or Drake that it was necessary to amend the PPM to make disclosures about the risks of investing in PAR, although Pauciulo knew or should have known of those risks.

ANSWER: Admitted in part, denied in part. It is admitted that Pauciulo and Eckert formed CCF. To the extent the averments of Paragraph 166 consist of legal conclusions, no response is required, and they are therefore denied. It is specifically denied that Pauciulo or Eckert caused the PPM to not make necessary disclosures. By way of further response, the PPMs disclosed numerous risk factors, such as that "[u]nderwriting and risk management efforts may not be effective" and "[o]ther regulatory risks." The PPMs also warned that "[i]nvestment in the notes involves a high degree of risk and is suitable only for persons of substantial financial resources who have no need for liquidity in their investment." Moreover, the PPMs stated that "[n]o 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." The PPMs also disclaimed any duty to update.

Case ID: 201200892

167. Accordingly, Drake and CCF relied on this false and misleading legal work prepared by Pauciulo and the Eckert Firm, in encouraging investors to invest in CCF, which, in turn, invested in PAR Funding.

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to what Drake and CCF relied on, and therefore deny the same. It is specifically denied that Pauciulo and Eckert prepared false and misleading work.

168. Defendants were reckless, careless, and negligent when representing Plaintiffs, both generally and in the following specific ways:

(a) Providing false and inaccurate information regarding the legality of PAR Funding's operations;

ANSWER: Denied. To the extent the averments of Paragraph 168(a) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 168(a) are denied.

(b) Misrepresenting the safety and security of investing in PAR Funding;

ANSWER: Denied. To the extent the averments of Paragraph 168(b) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 168(b) are denied.

(c) Failing to disclose the criminal past of PAR Funding's principal, Joseph LaForte;

Case ID: 201200892

ANSWER: Denied. To the extent the averments of Paragraph 168(c) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 168(c) are denied.

(d) Failing to disclose a professional relationship to PAR Funding that created a conflict of interest in Defendants' representation of Plaintiffs in forming an Agent Fund to invest in PAR;

ANSWER: Denied. To the extent the averments of Paragraph 168(d) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 168(d) are denied.

(e) Encouraging Plaintiffs to invest in PAR and to solicit others to invest in PAR;

ANSWER: Denied. To the extent the averments of Paragraph 168(e) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 168(e) are denied.

(f) Failing to advise that the Agent Fund strategy may not be compliant with SEC Regulations;

ANSWER: Denied. To the extent the averments of Paragraph 168(f) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 168(f) are denied.

(g) Failing to properly draft a PPM; and

ANSWER: Denied. To the extent the averments of Paragraph 168(g) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 168(g) are denied.

Case ID: 201200892

(h) Failing and or refusing to provide advice and legal support to Plaintiffs, the Defendants' clients, when the assets of PAR Funding were seized by the government, and PAR Funding came under close legal scrutiny.

ANSWER: Denied. To the extent the averments of Paragraph 168(h) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 168(h) are denied.

169. As a result of Defendants' actions and omissions, Plaintiffs suffered economic losses in an amount of $1,401,200, the amount of money CCF invested in PAR, excluding interest and fees paid to Eckert.

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to how much money CCF invested and therefore deny the same. To the extent the averments of Paragraph 169 consist of legal conclusions, no response is required, and they are therefore denied. It is specifically denied that Plaintiffs suffered losses as a result of Pauciulo's and Eckert's actions.

170. In addition, Plaintiffs suffered additional losses including, but not limited to, counsel fees related to the SEC investigation and expended to defend against claims from their investors, as well as the loss of use of their investment.

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to whether or how much Plaintiffs paid in counsel fees and therefore deny the same. It is specifically denied that Plaintiffs suffered losses as a result of Pauciulo's and Eckert's actions.

WHEREFORE, Defendants Pauciulo and Eckert request that judgment be entered in their favor and against Plaintiffs Brian Drake and Cape Cod Income Fund, LLC, dismissing the

Case ID: 201200892

Complaint with prejudice, together with costs, attorneys' fees, and such other and further relief as the Court deems just and proper.

COUNT VIII - LEGAL MALPRACTICE (CONTRACT)

Plaintiffs Brian Drake and Cape Cod Income Fund, LLC v. Defendants

171. Plaintiffs incorporate paragraphs 1 through 95, as though set forth at length in this Count.

ANSWER: Pauciulo and Eckert incorporate Paragraphs 1 through 95 of this Answer as if fully set forth herein.

172. On or about, April 9, 2018, Drake retained the legal services of Pauciulo and the Eckert Firm to represent him in the creation of an Agent Fund to operate as an investment vehicle and to hold the securities or promissory notes from PAR Funding, as described in the facts section of this Complaint. A true and correct copy of the engagement letter is attached as Exhibit A.

ANSWER: Admitted in part, denied in part. It is admitted that on or about April 9, 2018, Drake retained the legal services of Pauciulo and Eckert. By way of further response, Drake's engagement was governed by a writing that speaks for itself, which Pauciulo and Eckert refer to for its terms. Any characterization of such writing is denied. To the extent the averments of Paragraph 172 are inconsistent with such writing and/or attempt to characterize such writing, the averments and/or characterizations are denied. It is denied that the investment funds sought individuals to invest in the purchase of a security that would be invested in PAR, specifically. The PPMs for the investment funds contemplated investments in merchant cash advance companies and stated that "[t]he 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." However, Plaintiffs' investment focus was

Case ID: 201200892

on PAR, and upon information and belief, Plaintiffs conducted their own due diligence through meetings with representatives of PAR and review of materials from PAR as well as other direct or indirect communications with PAR.

173. As part of the representation, the Eckert Firm and Pauciulo were to form an Agent Fund that was legally compliant with all applicable banking or SEC regulations, including SEC Regulation D, and to prepare all necessary Fund formation documents, as well as the investor statements and other documents that would be legally required, including a PPM.

ANSWER: To the extent the averments of Paragraph 173 refer to or rely on writings, such writings speak for themselves, Pauciulo and Eckert refer to such writings for their terms and any characterization of such writings is denied. To the extent the averments of Paragraph 173 are inconsistent with such writings and/or attempt to characterize such writings, the averments and/or characterizations are denied. By way of further response, the legal services to be provided were set forth in engagement letters and included the following: (i) the formation of a Delaware limited liability company; (ii) the preparation of a PPM to be used in connection with the offering of ownership interests in the fund; (iii) 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 (iv) counseling with respect to conducting the offering. The PPMs and related legal services rendered to each Plaintiff were consistent with the scope of the engagement.

174. On or around April 23, 2018, Drake, through the legal assistance of the Eckert Firm and Pauciulo (or other attorneys under Pauciulo's direction and supervision), formed CCF.

ANSWER: Admitted.

Case ID: 201200892

175. In the engagement agreement, the Eckert Firm and Pauciulo expressly agreed that the representation necessarily would include: "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 "counseling with respect to the offering."

ANSWER: To the extent the averments of Paragraph 175 refer to or rely on writings, such writings speak for themselves, Pauciulo and Eckert refer to such writings for their terms and any characterization of such writings is denied. To the extent the averments of Paragraph 175 are inconsistent with such writings and/or attempt to characterize such writings, the averments and/or characterizations are denied.

176. The Eckert Firm and Pauciulo failed to discharge these express contractual obligations.

ANSWER: Denied. To the extent the averments of Paragraph 176 consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 176 are denied.

177. Moreover, the Eckert Firm and Pauciulo failed to provide legal services that were consistent with legal industry standards, which is an implied promise in every legal engagement.

ANSWER: Denied. To the extent the averments of Paragraph 177 consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 177 are denied.

178. Pauciulo, and others working with him at the Eckert Firm, formed Cape Cod Income Fund, LLC, and prepared a PPM that did not make necessary disclosures. At no time did Pauciulo, or any attorney from the Eckert Firm, advise CCF or Drake that it was necessary to

Case ID: 201200892

amend the PPM to make disclosures about the risks of investing in PAR, although Pauciulo knew or should have known of those risks.

ANSWER: Admitted in part, denied in part. It is admitted that Pauciulo and Eckert formed CCF. To the extent the averments of Paragraph 178 consist of legal conclusions, no response is required, and they are therefore denied. It is specifically denied that Pauciulo or Eckert caused the PPM to not make necessary disclosures. By way of further response, the PPMs disclosed numerous risk factors, such as that "[u]nderwriting and risk management efforts may not be effective" and "[o]ther regulatory risks." The PPMs also warned that "[i]nvestment in the notes involves a high degree of risk and is suitable only for persons of substantial financial resources who have no need for liquidity in their investment." Moreover, the PPMs stated that "[n]o 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." The PPMs also disclaimed any duty to update.

179. Accordingly, Drake and CCF relied on this false and misleading legal work prepared by Pauciulo and the Eckert Firm, in encouraging investors to invest in CCF which, in turn, invested in PAR Funding.

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to what Drake and CCF relied on, and therefore deny the same. It is specifically denied that Pauciulo and Eckert prepared false and misleading work.

Case ID: 201200892

180. Defendants failed to prepare necessary documentation to ensure that CCF would be compliant with all state and federal securities laws, and did not provide appropriate counsel regarding the offering, in the following ways:

(a) Providing false and inaccurate information regarding the legality of PAR Funding's operations;

ANSWER: Denied. To the extent the averments of Paragraph 180(a) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 180(a) are denied.

(b) Misrepresenting the safety and security of investing in PAR Funding;

ANSWER: Denied. To the extent the averments of Paragraph 180(b) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 180(b) are denied.

(c) Failing to disclose the criminal past of PAR Funding's principal, Joseph LaForte;

ANSWER: Denied. To the extent the averments of Paragraph 180(c) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 180(c) are denied.

(d) Failing to disclose a professional relationship to PAR Funding that created a conflict of interest in Defendants' representation of Plaintiffs in forming an Agent Fund to invest in PAR;

Case ID: 201200892

ANSWER: Denied. To the extent the averments of Paragraph 180(d) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 180(d) are denied.

(e) Encouraging Plaintiffs to invest in PAR and to solicit others to invest in PAR;

ANSWER: Denied. To the extent the averments of Paragraph 180(e) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 180(e) are denied.

(f) Failing to advise that the Agent Fund strategy may not be compliant with SEC Regulations;

ANSWER: Denied. To the extent the averments of Paragraph 180(f) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 180(f) are denied.

(g) Failing to properly draft a PPM; and

ANSWER: Denied. To the extent the averments of Paragraph 180(g) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 180(g) are denied.

(h) Failing and or refusing to provide advice and legal support to Plaintiffs, the Defendants' clients, when the assets of PAR Funding were seized by the government, and PAR Funding came under close legal scrutiny.

ANSWER: Denied. To the extent the averments of Paragraph 180(h) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 180(h) are denied.

Case ID: 201200892

181. As a result of Defendants' breach of contract, Plaintiffs suffered economic losses in an amount of $1,401,200 the amount of money CCF invested in PAR, excluding interest and fees paid to Eckert.

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to how much money CCF invested and therefore deny the same. To the extent the averments of Paragraph 181 consist of legal conclusions, no response is required, and they are therefore denied. It is specifically denied that Plaintiffs suffered losses as a result of Pauciulo's and Eckert's actions.

182. In addition, Plaintiffs suffered consequential damages including, but not limited to, counsel fees, the loss of use of their investment, lost profits and/or interest.

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to whether or how much Plaintiffs paid in counsel fees and therefore deny the same. To the extent the averments of Paragraph 182 consist of legal conclusions, no response is required, and they are therefore denied. It is specifically denied that Plaintiffs suffered losses as a result of Pauciulo's and Eckert's actions.

WHEREFORE, Defendants Pauciulo and Eckert request that judgment be entered in their favor and against Plaintiffs Brian Drake and Cape Cod Income Fund, LLC, dismissing the Complaint with prejudice, together with costs, attorneys' fees, and such other and further relief as the Court deems just and proper.

COUNT IX - LEGAL MALPRACTICE (TORT)

Plaintiffs Joseph Gassman and Wellen Fund 1, LLC v. Defendants

183. Plaintiffs incorporate paragraphs 1 through 95 as though set forth at length in this Count.

Case ID: 201200892

ANSWER: Pauciulo and Eckert incorporate Paragraphs 1 through 95 of this Answer as if fully set forth herein.

184. Plaintiffs incorporate paragraphs 1 through 94, as though set forth at length in this Count.

ANSWER: Pauciulo and Eckert incorporate Paragraphs 1 through 94 of this Answer as if fully set forth herein.[2]

185. On or about March 2, 2018, Gassman retained the legal services of Pauciulo and the Eckert Firm to represent him in the creation of an Agent Fund to operate as an investment vehicle and hold the securities or promissory notes from PAR Funding, as described in the facts section of this Complaint. A true and correct copy of the engagement letter is attached as Exhibit A.

ANSWER: Admitted in part, denied in part. It is admitted that on or about March 2, 2018, Gassman retained the legal services of Pauciulo and Eckert. By way of further response, Gassman's engagement was governed by a writing that speaks for itself, which Pauciulo and Eckert refer to for its terms. Any characterization of such writing is denied. To the extent the averments of Paragraph 185 are inconsistent with such writing and/or attempt to characterize such writing, the averments and/or characterizations are denied. It is denied that the investment funds sought individuals to invest in the purchase of a security that would be invested in PAR, specifically. The PPMs for the investment funds contemplated investments in merchant cash advance companies and stated that "[t]he proceeds from the sales of the Notes will be used to purchase promissory notes and other similar debt instruments offered and sold by companies

[2] Though Paragraphs 183 and 184 are nearly identical and appear to be a typo, Pauciulo and Eckert have provided a response to both.

Case ID: 201200892

which provide 'Merchant Cash Advance' financing." However, Plaintiffs' investment focus was on PAR, and upon information and belief, Plaintiffs conducted their own due diligence through meetings with representatives of PAR and review of materials from PAR as well as other direct or indirect communications with PAR.

186. As part of the representation, the Eckert Firm and Pauciulo were to form an Agent Fund that was legally compliant with all applicable banking or SEC regulations, including SEC Regulation D, and to prepare all necessary Fund formation documents, as well as the investor statements and other documents that would be legally required, including a PPM.

ANSWER: To the extent the averments of Paragraph 186 refer to or rely on writings, such writings speak for themselves, Pauciulo and Eckert refer to such writings for their terms and any characterization of such writings is denied. To the extent the averments of Paragraph 186 are inconsistent with such writings and/or attempt to characterize such writings, the averments and/or characterizations are denied. By way of further response, the legal services to be provided were set forth in engagement letters and included the following: (i) the formation of a Delaware limited liability company; (ii) the preparation of a PPM to be used in connection with the offering of ownership interests in the fund; (iii) 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 (iv) counseling with respect to conducting the offering. The PPMs and related legal services rendered to each Plaintiff were consistent with the scope of the engagement.

187. In or around March 23, 2018, Gassman, through the legal assistance of the Eckert Firm and Pauciulo (or other attorneys under Pauciulo's direction and supervision), formed Wellen 1.

Case ID: 201200892

ANSWER: Admitted.

188. At all relevant times, Pauciulo knew, or should have known based on discussions or other communications from Gassman, that the Agent Fund was being formed specifically to invest in PAR Funding.

ANSWER: Denied as stated. It is admitted that Pauciulo knew that the investment fund was being formed to invest in PAR, but the investment decision ultimately rested with each Plaintiff and the management company. To the extent the averments of Paragraph 188 refer to writings, such writings speak for themselves and Pauciulo and Eckert refer to such writings for their terms and deny any characterization of such writings. To the extent the averments of Paragraph 188 are inconsistent with such writings and/or attempt to characterize such writings, the averments and/or characterizations are denied.

189. Pauciulo, and others working with him at the Eckert Firm, formed Wellen Fund 1, LLC, and prepared a PPM that did not make necessary disclosures. At no time did Pauciulo, or any other Eckert attorney, advise Wellen 1 or Gassman that it was necessary to amend the PPM to make disclosures about the risks of investing in PAR, although Pauciulo knew or should have known of those risks.

ANSWER: Admitted in part, denied in part. It is admitted that Wellen Fund 1 was formed. To the extent the averments of Paragraph 189 consist of legal conclusions, no response is required, and they are therefore denied. It is specifically denied that Pauciulo or Eckert caused the PPM to not make necessary disclosures. By way of further response, the PPMs disclosed numerous risk factors, such as that "[u]nderwriting and risk management efforts may not be effective" and "[o]ther regulatory risks." The PPMs also warned that "[i]nvestment in the notes involves a high degree of risk and is suitable only for persons of substantial financial

Case ID: 201200892

resources who have no need for liquidity in their investment." Moreover, the PPMs stated that "[n]o 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." The PPMs also disclaimed any duty to update.

190. Accordingly, Gassman and Wellen 1 relied on this false and misleading legal work prepared by Pauciulo and the Eckert Firm, in encouraging investors to invest in Wellen 1 which, in turn, invested in PAR Funding.

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to what Gassman and Wellen 1 relied on, and therefore deny the same. It is specifically denied that Pauciulo and Eckert prepared false and misleading work.

191. Defendants were reckless, careless, and negligent when representing Plaintiffs, both generally and in the following specific ways:

(a) Providing false and inaccurate information regarding the legality of PAR Funding's operations;

ANSWER: Denied. To the extent the averments of Paragraph 191(a) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 191(a) are denied.

(b) Misrepresenting the safety and security of investing in PAR Funding;

Case ID: 201200892

ANSWER: Denied. To the extent the averments of Paragraph 191(b) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 191(b) are denied.

(c) Failing to disclose the criminal past of PAR Funding's principal, Joseph LaForte;

ANSWER: Denied. To the extent the averments of Paragraph 191(c) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 191(c) are denied.

(d) Failing to disclose a professional relationship to PAR Funding that created a conflict of interest in Defendants' representation of Plaintiffs in forming an Agent Fund to invest in PAR;

ANSWER: Denied. To the extent the averments of Paragraph 191(d) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 191(d) are denied.

(e) Encouraging Plaintiffs to invest in PAR and to solicit others to invest in PAR;

ANSWER: Denied. To the extent the averments of Paragraph 191(e) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 191(e) are denied.

(f) Failing to advise that the Agent Fund strategy may not be compliant with SEC Regulations;

Case ID: 201200892

ANSWER: Denied. To the extent the averments of Paragraph 191(f) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 191(f) are denied.

(g) Failing to properly draft a PPM; and

ANSWER: Denied. To the extent the averments of Paragraph 191(g) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 191(g) are denied.

(h) Failing and or refusing to provide advice and legal support to Plaintiffs, the Defendants' clients, when the assets of PAR Funding were seized by the government, and PAR Funding came under close legal scrutiny.

ANSWER: Denied. To the extent the averments of Paragraph 191(h) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 191(h) are denied.

192. As a result of Defendants' actions and omissions, Plaintiffs suffered economic losses in an amount of at least $2.32 million, the amount of money Wellen 1 invested in PAR, excluding interest, and $601,000, the amount of money Gassman invested in ABFP Income Fund, LLC, also excluding interest and both excluding fees paid to Eckert.

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to how much money Wellen 1 or Gassman invested and therefore deny the same. To the extent the averments of Paragraph 192 consist of legal conclusions, no response is required, and they are therefore denied. It is specifically denied that Plaintiffs suffered losses as a result of Pauciulo's and Eckert's actions.

Case ID: 201200892

193. In addition, Plaintiffs suffered additional losses including, but not limited to, counsel fees related to the SEC investigation and expended to defend against claims from investors, as well as the loss of use of their investment.

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to whether or how much Plaintiffs paid in counsel fees and therefore deny the same. It is specifically denied that Plaintiffs suffered losses as a result of Pauciulo's and Eckert's actions.

WHEREFORE, Defendants Pauciulo and Eckert request that judgment be entered in their favor and against Plaintiffs Joseph Gassman and Wellen Fund 1, LLC, dismissing the Complaint with prejudice, together with costs, attorneys' fees, and such other and further relief as the Court deems just and proper.

COUNT X - LEGAL MALPRACTICE (CONTRACT) PLAINTIFFS JOSEPH GASSMAN AND WELLEN FUND 1, LLC V. DEFENDANTS

194. Plaintiffs incorporate paragraphs 1 through 94, as though set forth at length in this Count.

ANSWER: Pauciulo and Eckert incorporate Paragraphs 1 through 95 of this Answer as if fully set forth herein.

195. On or about March 2, 2018, Gassman retained the legal services of Pauciulo and the Eckert Firm to represent him in the creation of an Agent Fund to operate as an investment vehicle and hold the securities or promissory notes from PAR Funding, as described in the facts section of this Complaint. A true and correct copy of the engagement letter is attached as Exhibit A.

ANSWER: Admitted in part, denied in part. It is admitted that on or about March 2, 2018, Gassman retained the legal services of Pauciulo and Eckert. By way of further

Case ID: 201200892

response, Gassman's engagement was governed by a writing that speaks for itself, which Pauciulo and Eckert refer to for its terms. Any characterization of such writing is denied. To the extent the averments of Paragraph 195 are inconsistent with such writing and/or attempt to characterize such writing, the averments and/or characterizations are denied. It is denied that the investment funds sought individuals to invest in the purchase of a security that would be invested in PAR, specifically. The PPMs for the investment funds contemplated investments in merchant cash advance companies and stated that "[t]he 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." However, Plaintiffs' investment focus was on PAR, and upon information and belief, Plaintiffs conducted their own due diligence through meetings with representatives of PAR and review of materials from PAR as well as other direct or indirect communications with PAR.

196. As part of the representation, the Eckert Firm and Pauciulo were to form an Agent Fund that was legally compliant with all applicable banking or SEC regulations, including SEC Regulation D, and to prepare all necessary Fund formation documents, as well as the investor statements and other documents that would be legally required, including a PPM.

ANSWER: To the extent the averments of Paragraph 196 refer to or rely on writings, such writings speak for themselves, Pauciulo and Eckert refer to such writings for their terms and any characterization of such writings is denied. To the extent the averments of Paragraph 196 are inconsistent with such writings and/or attempt to characterize such writings, the averments and/or characterizations are denied. By way of further response, the legal services to be provided were set forth in engagement letters and included the following: (i) the formation of a Delaware limited liability company; (ii) the preparation of a PPM to be used in connection

Case ID: 201200892

with the offering of ownership interests in the fund; (iii) 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 (iv) counseling with respect to conducting the offering. The PPMs and related legal services rendered to each Plaintiff were consistent with the scope of the engagement.

197. In or around March 23, 2018, Gassman, through the legal assistance of the Eckert Firm and Pauciulo (or other attorneys under Pauciulo's direction and supervision), formed Wellen 1.

ANSWER: Admitted.

198. In the engagement agreement, the Eckert Firm and Pauciulo expressly agreed that the representation necessarily would include: "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 "counseling with respect to the offering."

ANSWER: To the extent the averments of Paragraph 198 refer to or rely on writings, such writings speak for themselves, Pauciulo and Eckert refer to such writings for their terms and any characterization of such writings is denied. To the extent the averments of Paragraph 198 are inconsistent with such writings and/or attempt to characterize such writings, the averments and/or characterizations are denied.

199. The Eckert Firm and Pauciulo failed to discharge these express contractual obligations.

ANSWER: Denied. To the extent the averments of Paragraph 199 consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 199 are denied.

Case ID: 201200892

200. Moreover, the Eckert Firm and Pauciulo failed to provide legal services that were consistent with legal industry standards, which is an implied promise in every legal engagement.

ANSWER: Denied. To the extent the averments of Paragraph 200 consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 200 are denied.

201. Pauciulo, and others working with him at the Eckert Firm, formed Wellen Fund 1, LLC, and prepared a PPM that did not make necessary disclosures. At no time did Pauciulo, or any other attorney from the Eckert Firm, advise Wellen 1 or Gassman that it was necessary to amend the PPM to make disclosures about the risks of investing in PAR, although Pauciulo knew or should have known of those risks.

ANSWER: Admitted in part, denied in part. It is admitted that Wellen Fund 1 was formed. To the extent the averments of Paragraph 201 consist of legal conclusions, no response is required, and they are therefore denied. It is specifically denied that Pauciulo or Eckert caused the PPM to not make necessary disclosures. By way of further response, the PPMs disclosed numerous risk factors, such as that "[u]nderwriting and risk management efforts may not be effective" and "[o]ther regulatory risks." The PPMs also warned that "[i]nvestment in the notes involves a high degree of risk and is suitable only for persons of substantial financial resources who have no need for liquidity in their investment." Moreover, the PPMs stated that "[n]o 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." The PPMs also disclaimed any duty to update.

Case ID: 201200892

202. Accordingly, Gassman and Wellen 1 relied on this false and misleading legal work prepared by Pauciulo and the Eckert Firm, in encouraging investors to invest in Wellen 1 which, in turn, invested in PAR Funding.

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to what Gassman and Wellen 1 relied on, and therefore deny the same. It is specifically denied that Pauciulo and Eckert prepared false and misleading work.

203. Defendants failed to prepare necessary documentation to ensure that Wellen 1 would be compliant with all state and federal securities laws, and did not provide appropriate counsel regarding the offering, in the following ways:

(a) Providing false and inaccurate information regarding the legality of PAR Funding's operations;

ANSWER: Denied. To the extent the averments of Paragraph 203(a) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 203(a) are denied.

(b) Misrepresenting the safety and security of investing in PAR Funding;

ANSWER: Denied. To the extent the averments of Paragraph 203(b) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 203(b) are denied.

(c) Failing to disclose the criminal past of PAR Funding's principal, Joseph LaForte;

Case ID: 201200892

ANSWER: Denied. To the extent the averments of Paragraph 203(c) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 203(c) are denied.

(d) Failing to disclose a professional relationship to PAR Funding that created a conflict of interest in Defendants' representation of Plaintiffs in forming an Agent Fund to invest in PAR;

ANSWER: Denied. To the extent the averments of Paragraph 203(d) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 203 (d) are denied.

(e) Encouraging Plaintiffs to invest in PAR and to solicit others to invest in PAR;

ANSWER: Denied. To the extent the averments of Paragraph 203(e) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 203(e) are denied.

(f) Failing to advise that the Agent Fund strategy may not be compliant with SEC Regulations;

ANSWER: Denied. To the extent the averments of Paragraph 203(f) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 203(f) are denied.

(g) Failing to properly draft a PPM; and

ANSWER: Denied. To the extent the averments of Paragraph 203(g) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 203(g) are denied.

Case ID: 201200892

(h) Failing and or refusing to provide advice and legal support to Plaintiffs, the Defendants' clients, when the assets of PAR Funding were seized by the government, and PAR Funding came under close legal scrutiny.

ANSWER: Denied. To the extent the averments of Paragraph 203(h) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 203(h) are denied.

204. As a result of Defendants' breach of contract, Plaintiffs suffered economic losses in an amount of roughly $2.32 million, the amount of money Wellen 1 invested in PAR, excluding interest, and $601,000, the amount of money Gassman invested in ABFP Income Fund, LLC, also excluding interest and fees paid to Eckert.

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to how much money Wellen 1 or Gassman invested and therefore deny the same. To the extent the averments of Paragraph 204 consist of legal conclusions, no response is required, and they are therefore denied. It is specifically denied that Plaintiffs suffered losses as a result of Pauciulo's and Eckert's actions.

205. In addition, Plaintiffs suffered consequential damages including, but not limited to, counsel fees, the loss of use of their investment, lost profits and/or interest.

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to whether or how much Plaintiffs paid in counsel fees and therefore deny the same. To the extent the averments of Paragraph 205 consist of legal conclusions, no response is required, and they are therefore denied. It is specifically denied that Plaintiffs suffered losses as a result of Pauciulo's and Eckert's actions.

Case ID: 201200892

WHEREFORE, Defendants Pauciulo and Eckert request that judgment be entered in their favor and against Plaintiffs Joseph Gassman and Wellen Fund 1, LLC, dismissing the Complaint with prejudice, together with costs, attorneys' fees, and such other and further relief as the Court deems just and proper.

COUNT XI - LEGAL MALPRACTICE (TORT)

Plaintiffs David Gollner, Sherri Marini, LWM Income Fund 2, LLC, LWM Equity Fund, LP, LWM Income Fund Parallel, LLC v. Defendants

206. Plaintiffs incorporate paragraphs 1 through 95 as though set forth at length in this Count.

ANSWER: Pauciulo and Eckert incorporate Paragraphs 1 through 95 of this Answer as if fully set forth herein.

207. On or about, February 27, 2017, Gollner and Marini retained the legal services of Pauciulo and the Eckert Firm to represent them in the creation of an Agency Fund to operate as an investment vehicle and hold the securities or promissory notes from PAR Funding, as described in the facts section of this Complaint. A true and correct copy of the engagement letter is attached as Exhibit A.

ANSWER: Admitted in part, denied in part. It is admitted that on or about March 29, 2018, Gollner retained the legal services of Pauciulo and Eckert. By way of further response, Gollner's engagement was governed by a writing that speaks for itself, which Pauciulo and Eckert refer to for its terms. Any characterization of such writing is denied. To the extent the averments of Paragraph 207 are inconsistent with such writing and/or attempt to characterize such writing, the averments and/or characterizations are denied. It is denied that the investment funds sought individuals to invest in the purchase of a security that would be invested in PAR, specifically. The PPMs for the investment funds contemplated investments in merchant cash

Case ID: 201200892

advance companies and stated that "[t]he 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." However, Plaintiffs' investment focus was on PAR, and upon information and belief, Plaintiffs conducted their own due diligence through meetings with representatives of PAR and review of materials from PAR as well as other direct or indirect communications with PAR.

208. As part of the representation, the Eckert Firm and Pauciulo were to form an Agent Fund that was legally compliant with all applicable banking or SEC regulations, including SEC Regulation D, and to prepare all necessary Fund formation documents, as well as the investor statements and other documents that would be legally required, including a PPM. Once formed, the Fund(s) would also be a client.

ANSWER: To the extent the averments of Paragraph 208 refer to or rely on writings, such writings speak for themselves, Pauciulo and Eckert refer to such writings for their terms and any characterization of such writings is denied. To the extent the averments of Paragraph 208 are inconsistent with such writings and/or attempt to characterize such writings, the averments and/or characterizations are denied. By way of further response, the legal services to be provided were set forth in engagement letters and included the following: (i) the formation of a Delaware limited liability company; (ii) the preparation of a PPM to be used in connection with the offering of ownership interests in the fund; (iii) 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 (iv) counseling with respect to conducting the offering. The PPMs and related legal services rendered to each Plaintiff were consistent with the scope of the engagement.

Case ID: 201200892

209. At or around February 27, 2017, through the legal assistance of the Eckert Firm and Pauciulo (or other attorneys under Pauciulo's direction and supervision), formed LWM Income Fund, LLC, which was later converted to LWM Income Parallel Fund, LLC, on May 31, 2020. Pauciulo, or other attorneys at the Eckert Firm under his direction and supervision, also formed LWM Equity Fund, LP, on February 19, 2019 and LWM Income Fund 2, LLC, on February 6, 2020 (collectively, "the Three Funds").

ANSWER: It is admitted that Pauciulo and Eckert formed LWM Income Fund, LLC on April 19, 2018, LWM Equity Fund, LP on January 29, 2019, and LWM Income Fund 2, LLC on November 26, 2019 (collectively, "the Three Funds"). The remaining averments in Paragraph 209 are denied.

210. At all relevant times, Pauciulo knew, or should have known based on discussions or other communications from Gollner and/or Marini, that the Three Funds were being formed specifically to invest in PAR funding.

ANSWER: Denied as stated. It is admitted that Pauciulo knew that the investment fund was being formed to invest in PAR, but the investment decision ultimately rested with each Plaintiff and the management company. To the extent the averments of Paragraph 210 refer to writings, such writings speak for themselves and Pauciulo and Eckert refer to such writings for their terms and deny any characterization of such writings. To the extent the averments of Paragraph 210 are inconsistent with such writings and/or attempt to characterize such writings, the averments and/or characterizations are denied.

211. Pauciulo, and others working with him at the Eckert Firm, formed the Three Funds, and prepared a PPM for each that did not make necessary disclosures. At no time did Pauciulo, or any other Eckert attorney, advise Gollner or Marini (or the Three Funds) that it was

Case ID: 201200892

necessary to amend the PPM to make disclosures about the risks of investing in PAR, although Pauciulo knew or should have known of those risks.

ANSWER: Admitted in part, denied in part. It is admitted that Pauciulo and Eckert formed the Three Funds. To the extent the averments of Paragraph 211 consist of legal conclusions, no response is required, and they are therefore denied. It is specifically denied that Pauciulo or Eckert caused the PPM to not make necessary disclosures. By way of further response, the PPMs disclosed numerous risk factors, such as that "[u]nderwriting and risk management efforts may not be effective" and "[o]ther regulatory risks." The PPMs also warned that "[i]nvestment in the notes involves a high degree of risk and is suitable only for persons of substantial financial resources who have no need for liquidity in their investment." Moreover, the PPMs stated that "[n]o 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." The PPMs also disclaimed any duty to update.

212. Accordingly, Gollner, Marini, and the Three Funds relied on this false and misleading legal work prepared by Pauciulo and the Eckert Firm, in encouraging investors to invest in the Three Funds which, in turn, invested in PAR Funding.

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to what Gollner, Marini, and the Three Funds relied on, and therefore deny the same. It is specifically denied that Pauciulo and Eckert prepared false and misleading work.

Case ID: 201200892

213. Defendants were reckless, careless, and negligent when representing Plaintiffs, both generally and in the following specific ways:

(a) Providing false and inaccurate information regarding the legality of PAR Funding's operations;

ANSWER: Denied. To the extent the averments of Paragraph 213(a) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 213(a) are denied.

(b) Misrepresenting the safety and security of investing in PAR Funding;

ANSWER: Denied. To the extent the averments of Paragraph 213(b) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 213(b) are denied.

(c) Failing to disclose the criminal past of PAR Funding's principal, Joseph LaForte;

ANSWER: Denied. To the extent the averments of Paragraph 213(c) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 213(c) are denied.

(d) Failing to disclose a professional relationship to PAR Funding that created a conflict of interest in Defendants' representation of Plaintiffs in forming the Three Funds to invest in PAR;

ANSWER: Denied. To the extent the averments of Paragraph 213(d) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 213(d) are denied.

Case ID: 201200892

(e) Encouraging Plaintiffs to invest in PAR and to solicit others to invest in PAR;

ANSWER: Denied. To the extent the averments of Paragraph 213(e) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 213(e) are denied.

(f) Failing to advise that the Agent Fund strategy may not be compliant with SEC Regulations;

ANSWER: Denied. To the extent the averments of Paragraph 213(f) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 213(f) are denied.

(g) Failing to properly draft a PPM; and

ANSWER: Denied. To the extent the averments of Paragraph 213(g) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 213(g) are denied.

(h) Failing and or refusing to provide advice and legal support to Plaintiffs, the Defendants' clients, when the assets of PAR Funding were seized by the government, and PAR Funding came under close legal scrutiny.

ANSWER: Denied. To the extent the averments of Paragraph 213(h) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 213(h) are denied.

214. As a result of Defendants' actions and omissions, Plaintiffs suffered economic losses in an amount of $6,533,059.80, of which LWM Income Fund Parallel, LLC, invested $4,683,473 in PAR; LWM Equity Fund, LP, invested $1,213,586.80 in PAR; and LWM Income

Case ID: 201200892

Fund 2, LLC, invested $636,000 in PAR, all excluding interest. Plaintiffs also expended approximately $30,000 in legal fees paid to the Eckert Firm.

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to how much money LWM income Fund Parallel, LLC, LWM Equity Fund, LP, and LWM Income Fund 2, LLC invested and therefore deny the same. To the extent the averments of Paragraph 214 consist of legal conclusions, no response is required, and they are therefore denied. It is specifically denied that Plaintiffs suffered losses as a result of Pauciulo's and Eckert's actions.

215. In addition, Plaintiffs suffered additional losses including, but not limited to, counsel fees related to the SEC investigation and expended to defend against claims from investors, as well as the loss of use of their investment.

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to whether or how much Plaintiffs paid in counsel fees related to the SEC investigation or their defense against claims from their investors and therefore deny the same. It is specifically denied that Plaintiffs suffered losses as a result of Pauciulo's and Eckert's actions.

WHEREFORE, Defendants Pauciulo and Eckert request that judgment be entered in their favor and against Plaintiffs David Gollner, Sherri Marini, LWM Income Fund Parallel, LLC, LWM Equity Fund, LP, and LWM Income Fund 2, LLC, dismissing the Complaint with prejudice, together with costs, attorneys' fees, and such other and further relief as the Court deems just and proper.

Case ID: 201200892

COUNT XII - LEGAL MALPRACTICE (CONTRACT) PLAINTIFFS DAVID GOLLNER, SHERRI MARINI, LWM INCOME FUND 2, LLC, LWM EQUITY FUND, LP, LWM INCOME FUND PARALLEL, LLC V. DEFENDANTS

216. Plaintiffs incorporate paragraphs 1 through 95 as though set forth at length in this Count.

ANSWER: Pauciulo and Eckert incorporate Paragraphs 1 through 95 of this Answer as if fully set forth herein.

217. On or about, February 27, 2017, Gollner and Marini retained the legal services of Pauciulo and the Eckert Firm to represent them in the creation of Agent Funds to operate as investment vehicles and to hold the securities or promissory notes from PAR Funding, as described in the facts section of this Complaint. A true and correct copy of the engagement letter is attached as Exhibit A.

ANSWER: Admitted in part, denied in part. It is admitted that on or about March 29, 2018, Gollner retained the legal services of Pauciulo and Eckert. By way of further response, Gollner's engagement was governed by a writing that speaks for itself, which Pauciulo and Eckert refer to for its terms. Any characterization of such writing is denied. To the extent the averments of Paragraph 217 are inconsistent with such writing and/or attempt to characterize such writing, the averments and/or characterizations are denied. It is denied that the investment funds sought individuals to invest in the purchase of a security that would be invested in PAR, specifically. The PPMs for the investment funds contemplated investments in merchant cash advance companies and stated that "[t]he 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." However, Plaintiffs' investment focus was on PAR, and upon information and belief, Plaintiffs conducted their own due diligence through

Case ID: 201200892

meetings with representatives of PAR and review of materials from PAR as well as other direct or indirect communications with PAR.

218. As part of the representation, the Eckert Firm and Pauciulo were to form at least one Agent Fund that was legally compliant with all applicable banking or SEC regulations, including SEC Regulation D, and to prepare all necessary fund formation documents, as well as the investor statements and other documents that would be legally required, including a PPM. Once the Fund was formed, that Fund was also a client.

ANSWER: To the extent the averments of Paragraph 218 refer to or rely on writings, such writings speak for themselves, Pauciulo and Eckert refer to such writings for their terms and any characterization of such writings is denied. To the extent the averments of Paragraph 218 are inconsistent with such writings and/or attempt to characterize such writings, the averments and/or characterizations are denied. By way of further response, the legal services to be provided were set forth in engagement letters and included the following: (i) the formation of a Delaware limited liability company; (ii) the preparation of a PPM to be used in connection with the offering of ownership interests in the fund; (iii) 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 (iv) counseling with respect to conducting the offering. The PPMs and related legal services rendered to each Plaintiff were consistent with the scope of the engagement.

219. At or around February 27, 2017, Gollner and Marini, through the legal assistance of the Eckert Firm and Pauciulo (or other attorneys under Pauciulo's direction and supervision), formed LWM Income Fund, LLC, which was later converted to LWM Income Parallel Fund, LLC, on May 31, 2020. Pauciulo, or other attorneys at the Eckert Firm under his direction and

Case ID: 201200892

supervision, also formed LWM Equity Fund, LP, on February 19, 2019 and LWM Income Fund 2, LLC, on February 6, 2020 (collectively, "the Three Funds").

ANSWER: It is admitted that Pauciulo and Eckert formed LWM Income Fund, LLC on April 19, 2018, LWM Equity Fund, LP on January 29, 2019, and LWM Income Fund 2, LLC on November 26, 2019 (collectively, "the Three Funds"). The remaining averments in Paragraph 219 are denied.

220. In the engagement agreement, the Eckert Firm and Pauciulo expressly agreed that the representation necessarily would include: "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 "counseling with respect to the offering."

ANSWER: To the extent the averments of Paragraph 220 refer to or rely on writings, such writings speak for themselves, Pauciulo and Eckert refer to such writings for their terms and any characterization of such writings is denied. To the extent the averments of Paragraph 220 are inconsistent with such writings and/or attempt to characterize such writings, the averments and/or characterizations are denied.

221. The Eckert Firm and Pauciulo failed to discharge these express contractual obligations.

ANSWER: Denied. To the extent the averments of Paragraph 221 consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 221 are denied.

222. Moreover, the Eckert Firm and Pauciulo failed to provide legal services that were consistent with legal industry standards, which is an implied promise in every legal engagement.

Case ID: 201200892

ANSWER: Denied. To the extent the averments of Paragraph 222 consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 222 are denied.

223. Pauciulo, and others working with him at the Eckert Firm, formed the Three Funds, and prepared a PPM for each that did not make necessary disclosures. At no time did Pauciulo, or any attorney from the Eckert Firm, advise Gollner, Marini, or the Three Funds that it was necessary to amend the PPM to make disclosures about the risks of investing in PAR, although Pauciulo knew or should have known of those risks.

ANSWER: Denied. To the extent the averments of Paragraph 223 consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 223 are denied. By way of further response, the PPMs disclosed numerous risk factors, such as that "[u]nderwriting and risk management efforts may not be effective" and "[o]ther regulatory risks." The PPMs also warned that "[i]nvestment in the notes involves a high degree of risk and is suitable only for persons of substantial financial resources who have no need for liquidity in their investment." Moreover, the PPMs stated that "[n]o 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." The PPMs also disclaimed any duty to update.

224. Accordingly, Gollner, Marini and the Three Funds relied on this false and misleading legal work prepared by Pauciulo and the Eckert Firm, in encouraging investors to invest in the Three Funds which, in turn, invested in PAR Funding.

Case ID: 201200892

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to what Gollner, Marini, and the Three Funds relied on, and therefore deny the same. It is specifically denied that Pauciulo and Eckert prepared false and misleading work.

225. Defendants failed to prepare necessary documentation to ensure that the Three Funds would be compliant with all state and federal securities laws, and did not provide appropriate counsel regarding the offering, in the following ways:

(a) Providing false and inaccurate information regarding the legality of PAR Funding's operations;

ANSWER: Denied. To the extent the averments of Paragraph 225(a) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 225(a) are denied.

(b) Misrepresenting the safety and security of investing in PAR Funding;

ANSWER: Denied. To the extent the averments of Paragraph 225(b) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 225(b) are denied.

(c) Failing to disclose the criminal past of PAR Funding's principal, Joseph LaForte;

ANSWER: Denied. To the extent the averments of Paragraph 225(c) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 225(c) are denied.

Case ID: 201200892

(d) Failing to disclose a professional relationship to PAR Funding that created a conflict of interest in Defendants' representation of Plaintiffs in forming the Three Funds to invest in PAR;

ANSWER: Denied. To the extent the averments of Paragraph 225(d) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 225(d) are denied.

(e) Encouraging Plaintiffs to invest in PAR and to solicit others to invest in PAR;

ANSWER: Denied. To the extent the averments of Paragraph 225(e) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 225(e) are denied.

(f) Failing to advise that the Agent Fund strategy may not be compliant with SEC Regulations;

ANSWER: Denied. To the extent the averments of Paragraph 225(f) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 225(f) are denied.

(g) Failing to properly draft a PPM; and

ANSWER: Denied. To the extent the averments of Paragraph 225(g) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 225(g) are denied.

(h) Failing and or refusing to provide advice and legal support to Plaintiffs, the Defendants' clients, when the assets of PAR Funding were seized by the government, and PAR Funding came under close legal scrutiny.

Case ID: 201200892

ANSWER: Denied. To the extent the averments of Paragraph 225(h) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 225(h) are denied.

226. As a result of Defendants' actions and omissions, Plaintiffs suffered economic losses in an amount of $6,533,059.80, of which LWM Income Fund Parallel, LLC, invested $4,683,473 in PAR; LWM Equity Fund, LP, invested $1,213,586.80 in PAR; and LWM Income Fund 2, LLC, invested $636,000 in PAR, all excluding interest. Plaintiffs also expended approximately $30,000 in legal fees paid to the Eckert Firm.

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to how much money LWM Income Fund Parallel, LLC, LWM Equity Fund, LP or LWM Income Fund 2, LLC invested and therefore deny the same. To the extent the averments of Paragraph 226 consist of legal conclusions, no response is required, and they are therefore denied. It is specifically denied that Plaintiffs suffered losses as a result of Pauciulo's and Eckert's actions.

227. In addition, Plaintiffs suffered consequential damages including, but not limited to, counsel fees, the loss of use of their investment, lost profits and/or interest.

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to whether or how much Plaintiffs paid in counsel fees and therefore deny the same. To the extent the averments of Paragraph 227 consist of legal conclusions, no response is required, and they are therefore denied. It is specifically denied that Plaintiffs suffered losses as a result of Pauciulo's and Eckert's actions.

WHEREFORE, Defendants Pauciulo and Eckert request that judgment be entered in their favor and against Plaintiffs David Gollner, Sherri Marini, LWM Income Fund Parallel, LLC,

Case ID: 201200892

LWM Equity Fund, LP, and LWM Income Fund 2, LLC, dismissing the Complaint with prejudice, together with costs, attorneys' fees, and such other and further relief as the Court deems just and proper.

COUNT XIII - LEGAL MALPRACTICE (TORT)

Plaintiffs Kurt Hemry and Blue Stream Income Fund, LLC v. Defendants

228. Plaintiffs incorporate paragraphs 1 through 95 as though set forth at length in this Count.

ANSWER: Pauciulo and Eckert incorporate Paragraphs 1 through 95 of this Answer as if fully set forth herein.

229. On or about, July 3, 2018, Hemry retained the legal services of Pauciulo and the Eckert Firm to represent him in the creation of an Agent Fund to operate as an investment vehicle and to hold the securities or promissory notes from PAR Funding, as described in the facts section of this Complaint. A true and correct copy of the engagement letter is attached as Exhibit A.

ANSWER: Admitted in part, denied in part. It is admitted that on or about July 3, 2018, Hemry retained the legal services of Pauciulo and Eckert. By way of further response, Hemry's engagement was governed by a writing that speaks for itself, which Pauciulo and Eckert refer to for its terms. Any characterization of such writing is denied. To the extent the averments of Paragraph 229 are inconsistent with such writing and/or attempt to characterize such writing, the averments and/or characterizations are denied. It is denied that the investment funds sought individuals to invest in the purchase of a security that would be invested in PAR, specifically. The PPMs for the investment funds contemplated investments in merchant cash advance companies and stated that "[t]he proceeds from the sales of the Notes will be used to purchase promissory notes and other similar debt instruments offered and sold by companies

Case ID: 201200892

which provide 'Merchant Cash Advance' financing." However, Plaintiffs' investment focus was on PAR, and upon information and belief, Plaintiffs conducted their own due diligence through meetings with representatives of PAR and review of materials from PAR as well as other direct or indirect communications with PAR.

230. As part of the representation, the Eckert Firm and Pauciulo were to form an Agent Fund that was legally compliant with all applicable banking or SEC regulations, including SEC Regulation D, and to prepare all necessary Fund formation documents, as well as the investor statements and other documents that would be legally required, including a PPM.

ANSWER: To the extent the averments of Paragraph 230 refer to or rely on writings, such writings speak for themselves, Pauciulo and Eckert refer to such writings for their terms and any characterization of such writings is denied. To the extent the averments of Paragraph 230 are inconsistent with such writings and/or attempt to characterize such writings, the averments and/or characterizations are denied. By way of further response, the legal services to be provided were set forth in engagement letters and included the following: (i) the formation of a Delaware limited liability company; (ii) the preparation of a PPM to be used in connection with the offering of ownership interests in the fund; (iii) 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 (iv) counseling with respect to conducting the offering. The PPMs and related legal services rendered to each Plaintiff were consistent with the scope of the engagement.

231. In or around July 16, 2018, Hemry, through the legal assistance of the Eckert Firm and Pauciulo (or other attorneys under Pauciulo's direction and supervision), formed BSIF.

ANSWER: Admitted.

Case ID: 201200892

232. At all relevant times, Pauciulo knew, or should have known based on discussions or other communications from Hemry, that the Agent Fund was being formed specifically to invest in PAR Funding.

ANSWER: Denied as stated. It is admitted that Pauciulo knew that the investment fund was being formed to invest in PAR, but the investment decision ultimately rested with each Plaintiff and the management company. To the extent the averments of Paragraph 232 refer to writings, such writings speak for themselves and Pauciulo and Eckert refer to such writings for their terms and deny any characterization of such writings. To the extent the averments of Paragraph 232 are inconsistent with such writings and/or attempt to characterize such writings, the averments and/or characterizations are denied.

233. Pauciulo, and others working with him at the Eckert Firm, formed Blue Stream Income Fund, LLC, and prepared a PPM that did not make necessary disclosures. At no time did Pauciulo, or any other Eckert attorney, advise BSIF or Hemry that it was necessary to amend the PPM to make disclosures about the risks of investing in PAR, although Pauciulo knew or should have known of those risks.

ANSWER: Admitted in part, denied in part. It is admitted that Pauciulo and Eckert formed BSIF. To the extent the averments of Paragraph 233 consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 233 are denied. It is specifically denied that Pauciulo or Eckert caused the PPM to not make necessary disclosures. By way of further response, the PPMs disclosed numerous risk factors, such as that "[u]nderwriting and risk management efforts may not be effective" and "[o]ther regulatory risks." The PPMs also warned that "[i]nvestment in the notes involves a high degree of risk and is suitable only for persons of substantial financial resources

Case ID: 201200892

who have no need for liquidity in their investment." Moreover, the PPMs stated that "[n]o 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." The PPMs also disclaimed any duty to update.

234. Accordingly, Hemry and BSIF relied on this false and misleading legal work prepared by Pauciulo and the Eckert Firm, in encouraging investors to invest in BSIF which, in turn, invested in PAR Funding.

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to what Hemry and BSIF relied on, and therefore deny the same. It is specifically denied that Pauciulo and Eckert prepared false and misleading work.

235. Defendants were reckless, careless, and negligent when representing Plaintiffs, both generally and in the following specific ways:

(a) Providing false and inaccurate information regarding the legality of PAR Funding's operations;

ANSWER: Denied. To the extent the averments of Paragraph 235(a) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 235(a) are denied.

(b) Misrepresenting the safety and security of investing in PAR Funding;

Case ID: 201200892

ANSWER: Denied. To the extent the averments of Paragraph 235(b) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 235(b) are denied.

(c) Failing to disclose the criminal past of PAR Funding's principal, Joseph LaForte;

ANSWER: Denied. To the extent the averments of Paragraph 235(c) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 235(c) are denied.

(d) Failing to disclose a professional relationship to PAR Funding that created a conflict of interest in Defendants' representation of Plaintiffs in forming an Agent Fund to invest in PAR;

ANSWER: Denied. To the extent the averments of Paragraph 235(d) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 235(d) are denied.

(e) Encouraging Plaintiffs to invest in PAR and to solicit others to invest in PAR;

ANSWER: Denied. To the extent the averments of Paragraph 235(e) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 235(e) are denied.

(f) Failing to advise that the Agent Fund strategy may not be compliant with SEC Regulations;

Case ID: 201200892

ANSWER: Denied. To the extent the averments of Paragraph 235(f) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 235(f) are denied.

(g) Failing to properly draft a PPM; and

ANSWER: Denied. To the extent the averments of Paragraph 235(g) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 235(g) are denied.

(h) Failing and or refusing to provide advice and legal support to Plaintiffs, the Defendants' clients, when the assets of PAR Funding were seized by the government, and PAR Funding came under close legal scrutiny.

ANSWER: Denied. To the extent the averments of Paragraph 235(h) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 235(h) are denied.

236. As a result of Defendants' actions and omissions, Plaintiffs suffered economic losses in an amount of $1,899,950, the amount of money BSIF invested in PAR, excluding interest and fees paid to Eckert.

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to how much money BSIF invested and therefore deny the same. To the extent the averments of Paragraph 236 consist of legal conclusions, no response is required, and they are therefore denied. It is specifically denied that Plaintiffs suffered losses as a result of Pauciulo's and Eckert's actions.

Case ID: 201200892

237. In addition, Plaintiffs suffered additional losses including, but not limited to, counsel fees related to the SEC investigation and expended to defend against claims from investors, as well as the loss of use of their investment.

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to whether or how much Plaintiffs paid in counsel fees related to the SEC investigation or their defense against claims from their investors and therefore deny the same. It is specifically denied that Plaintiffs suffered losses as a result of Pauciulo's and Eckert's actions.

WHEREFORE, Defendants Pauciulo and Eckert request that judgment be entered in their favor and against Plaintiffs Kurt Hemry and Blue Stream Income Fund, LLC, dismissing the Complaint with prejudice, together with costs, attorneys' fees, and such other and further relief as the Court deems just and proper.

COUNT XIV - LEGAL MALPRACTICE (CONTRACT)

Plaintiffs Kurt Hemry and Blue Stream Income Fund, LLC v. Defendants

238. Plaintiffs incorporate paragraphs 1 through 95 as though set forth at length in this Count.

ANSWER: Pauciulo and Eckert incorporate Paragraphs 1 through 95 of this Answer as if fully set forth herein.

239. On or about, July 3, 2018, Hemry retained the legal services of Pauciulo and the Eckert Firm to represent him in the creation of an Agent Fund to operate as an investment vehicle and to hold the securities or promissory notes from PAR Funding, as described in the facts section of this Complaint. A true and correct copy of the engagement letter is attached as Exhibit A.

Case ID: 201200892

ANSWER: Admitted in part, denied in part. It is admitted that on or about July 3, 2018, Hemry retained the legal services of Pauciulo and Eckert. By way of further response, Hemry's engagement was governed by a writing that speaks for itself, which Pauciulo and Eckert refer to for its terms. Any characterization of such writing is denied. To the extent the averments of Paragraph 239 are inconsistent with such writing and/or attempt to characterize such writing, the averments and/or characterizations are denied. It is denied that the investment funds sought individuals to invest in the purchase of a security that would be invested in PAR, specifically. The PPMs for the investment funds contemplated investments in merchant cash advance companies and stated that "[t]he 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." However, Plaintiffs' investment focus was on PAR, and upon information and belief, Plaintiffs conducted their own due diligence through meetings with representatives of PAR and review of materials from PAR as well as other direct or indirect communications with PAR.

240. As part of the representation, the Eckert Firm and Pauciulo were to form an Agent Fund that was legally compliant with all applicable banking or SEC regulations, including SEC Regulation D, and to prepare all necessary Fund formation documents, as well as the investor statements and other documents that would be legally required, including a PPM.

ANSWER: To the extent the averments of Paragraph 240 refer to or rely on writings, such writings speak for themselves, Pauciulo and Eckert refer to such writings for their terms and any characterization of such writings is denied. To the extent the averments of Paragraph 240 are inconsistent with such writings and/or attempt to characterize such writings, the averments and/or characterizations are denied. By way of further response, the legal services

Case ID: 201200892

to be provided were set forth in engagement letters and included the following: (i) the formation of a Delaware limited liability company; (ii) the preparation of a PPM to be used in connection with the offering of ownership interests in the fund; (iii) 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 (iv) counseling with respect to conducting the offering. The PPMs and related legal services rendered to each Plaintiff were consistent with the scope of the engagement.

241. In or around July 16, 2018, Hemry, through the legal assistance of the Eckert Firm and Pauciulo (or other attorneys under Pauciulo's direction and supervision), formed BSIF.

ANSWER: Admitted.

242. In the engagement agreement, the Eckert Firm and Pauciulo expressly agreed that the representation necessarily would include: "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 "counseling with respect to the offering."

ANSWER: To the extent the averments of Paragraph 242 refer to or rely on writings, such writings speak for themselves, Pauciulo and Eckert refer to such writings for their terms and any characterization of such writings is denied. To the extent the averments of Paragraph 242 are inconsistent with such writings and/or attempt to characterize such writings, the averments and/or characterizations are denied.

243. The Eckert Firm and Pauciulo failed to discharge these express contractual obligations.

Case ID: 201200892

ANSWER: Denied. To the extent the averments of Paragraph 243 consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 243 are denied.

244. Moreover, the Eckert Firm and Pauciulo failed to provide legal services that were consistent with legal industry standards, which is an implied promise in every legal engagement.

ANSWER: Denied. To the extent the averments of Paragraph 244 consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 244 are denied.

245. Pauciulo, and others working with him at the Eckert Firm, formed Blue Stream Income Fund, LLC, and prepared a PPM that did not make necessary disclosures. At no time did Pauciulo, or any attorney from the Eckert Firm, advise BSIF or Hemry that it was necessary to amend the PPM to make disclosures about the risks of investing in PAR, although Pauciulo knew or should have known of those risks.

ANSWER: Admitted in part, denied in part. It is admitted that Pauciulo and Eckert formed BSIF. To the extent the averments of Paragraph 245 consist of legal conclusions, no response is required, and they are therefore denied. It is specifically denied that Pauciulo or Eckert caused the PPM to not make necessary disclosures. By way of further response, the PPMs disclosed numerous risk factors, such as that "[u]nderwriting and risk management efforts may not be effective" and "[o]ther regulatory risks." The PPMs also warned that "[i]nvestment in the notes involves a high degree of risk and is suitable only for persons of substantial financial resources who have no need for liquidity in their investment." Moreover, the PPMs stated that "[n]o 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

Case ID: 201200892

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." The PPMs also disclaimed any duty to update.

246. Accordingly, Hemry and BSIF relied on this false and misleading legal work prepared by Pauciulo and the Eckert Firm, in encouraging investors to invest in BSIF which, in turn, invested in PAR Funding.

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to what Hemry and BSIF relied on, and therefore deny the same. It is specifically denied that Pauciulo and Eckert prepared false and misleading work.

247. Defendants failed to prepare necessary documentation to ensure that BSIF would be compliant with all state and federal securities laws, and did not provide appropriate counsel regarding the offering, in the following ways:

(a) Providing false and inaccurate information regarding the legality of PAR Funding's operations;

ANSWER: Denied. To the extent the averments of Paragraph 247(a) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 247(a) are denied.

(b) Misrepresenting the safety and security of investing in PAR Funding;

ANSWER: Denied. To the extent the averments of Paragraph 247(b) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 247(b) are denied.

Case ID: 201200892

(c) Failing to disclose the criminal past of PAR Funding's principal, Joseph LaForte;

ANSWER: Denied. To the extent the averments of Paragraph 247(c) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 247(c) are denied.

(d) Failing to disclose a professional relationship to PAR Funding that created a conflict of interest in Defendants' representation of Plaintiffs in forming an Agent Fund to invest in PAR;

ANSWER: Denied. To the extent the averments of Paragraph 247(d) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 247(d) are denied.

(e) Encouraging Plaintiffs to invest in PAR and to solicit others to invest in PAR;

ANSWER: Denied. To the extent the averments of Paragraph 247(e) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 247(e) are denied.

(f) Failing to advise that the Agent Fund strategy may not be compliant with SEC Regulations;

ANSWER: Denied. To the extent the averments of Paragraph 247(f) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 247(f) are denied.

(g) Failing to properly draft a PPM; and

Case ID: 201200892

ANSWER: Denied. To the extent the averments of Paragraph 247(g) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 247(g) are denied.

(h) Failing and or refusing to provide advice and legal support to Plaintiffs, the Defendants' clients, when the assets of PAR Funding were seized by the government, and PAR Funding came under close legal scrutiny.

ANSWER: Denied. To the extent the averments of Paragraph 247(h) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 247(h) are denied.

248. As a result of Defendants' breach of contract, Plaintiffs suffered economic losses in an amount of $1,899,950, the amount of money BSIF invested in PAR, excluding interest and fees paid to Eckert.

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to how much money BSIF invested and therefore deny the same. To the extent the averments of Paragraph 248 consist of legal conclusions, no response is required, and they are therefore denied. It is specifically denied that Plaintiffs suffered losses as a result of Pauciulo's and Eckert's actions.

249. In addition, Plaintiffs suffered consequential damages including, but not limited to, counsel fees, the loss of use of their investment, lost profits and/or interest.

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to whether or how much Plaintiffs paid in counsel fees and therefore deny the same. To the extent the averments of Paragraph 249 consist

Case ID: 201200892

of legal conclusions, no response is required, and they are therefore denied. It is specifically denied that Plaintiffs suffered losses as a result of Pauciulo's and Eckert's actions.

WHEREFORE, Defendants Pauciulo and Eckert request that judgment be entered in their favor and against Plaintiffs Kurt Hemry and Blue Stream Income Fund, LLC, dismissing the Complaint with prejudice, together with costs, attorneys' fees, and such other and further relief as the Court deems just and proper.

COUNT XV - LEGAL MALPRACTICE (TORT)

Plaintiffs Andrew McKinley and Jade Funding, LLC v. Defendants

250. Plaintiffs incorporate paragraphs 1 through 95 as though set forth at length in this Count.

ANSWER: Pauciulo and Eckert incorporate Paragraphs 1 through 95 of this Answer as if fully set forth herein.

251. On or about, August 5, 2019, McKinley retained the legal services of Pauciulo and the Eckert Firm to represent him in the creation of an Agent Fund to operate as an investment vehicle and to hold the securities or promissory notes from PAR Funding, as described in the facts section of this Complaint. A true and correct copy of the engagement letter is attached as Exhibit A.

ANSWER: Admitted in part, denied in part. It is admitted that on or about August 5, 2019, McKinley retained the legal services of Pauciulo and Eckert. By way of further response, McKinley's engagement was governed by a writing that speaks for itself, which Pauciulo and Eckert refer to for its terms. Any characterization of such writing is denied. To the extent the averments of Paragraph 251 are inconsistent with such writing and/or attempt to characterize such writing, the averments and/or characterizations are denied. It is denied that the investment funds sought individuals to invest in the purchase of a security that would be invested

Case ID: 201200892

in PAR, specifically. The PPMs for the investment funds contemplated investments in merchant cash advance companies and stated that "[t]he 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." However, Plaintiffs' investment focus was on PAR, and upon information and belief, Plaintiffs conducted their own due diligence through meetings with representatives of PAR and review of materials from PAR as well as other direct or indirect communications with PAR.

252. As part of the representation, the Eckert Firm and Pauciulo were to form an Agent Fund that was legally compliant with all applicable banking or SEC regulations, including SEC Regulation D, and to prepare all necessary Fund formation documents, as well as the investor statements and other documents that would be legally required, including a PPM.

ANSWER: To the extent the averments of Paragraph 252 refer to or rely on writings, such writings speak for themselves, Pauciulo and Eckert refer to such writings for their terms and any characterization of such writings is denied. To the extent the averments of Paragraph 252 are inconsistent with such writings and/or attempt to characterize such writings, the averments and/or characterizations are denied. By way of further response, the legal services to be provided were set forth in engagement letters and included the following: (i) the formation of a Delaware limited liability company; (ii) the preparation of a PPM to be used in connection with the offering of ownership interests in the fund; (iii) 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 (iv) counseling with respect to conducting the offering. The PPMs and related legal services rendered to each Plaintiff were consistent with the scope of the engagement.

Case ID: 201200892

253. In or around August 19, 2019, McKinley, through the legal assistance of the Eckert Firm and Pauciulo (or other attorneys under Pauciulo's direction and supervision), formed Jade Funding.

ANSWER: Admitted that Jade Fund, LLC was formed in or around August 19, 2019.

254. At all relevant times, Pauciulo knew, or should have known based on discussions or other communications from McKinley, that the Agent Fund was being formed specifically to invest in PAR Funding.

ANSWER: Denied as stated. It is admitted that Pauciulo knew that the investment fund was being formed to invest in PAR, but the investment decision ultimately rested with each Plaintiff and the management company. To the extent the averments of Paragraph 254 refer to writings, such writings speak for themselves and Pauciulo and Eckert refer to such writings for their terms and deny any characterization of such writings. To the extent the averments of Paragraph 254 are inconsistent with such writings and/or attempt to characterize such writings, the averments and/or characterizations are denied.

255. Pauciulo, and others working with him at the Eckert Firm, formed Jade Funding, LLC, and prepared a PPM that did not make necessary disclosures. At no time did Pauciulo, or any other Eckert attorney, advise Jade Funding or McKinley that it was necessary to amend the PPM to make disclosures about the risks of investing in PAR, although Pauciulo knew or should have known of those risks.

ANSWER: Admitted in part, denied in part. It is admitted that Pauciulo and Eckert formed Jade Fund, LLC. To the extent the averments of Paragraph 255 consist of legal conclusions, no response is required, and they are therefore denied. It is specifically denied that

Case ID: 201200892

Pauciulo or Eckert caused the PPM to not make necessary disclosures. By way of further response, the PPMs disclosed numerous risk factors, such as that "[u]nderwriting and risk management efforts may not be effective" and "[o]ther regulatory risks." The PPMs also warned that "[i]nvestment in the notes involves a high degree of risk and is suitable only for persons of substantial financial resources who have no need for liquidity in their investment." Moreover, the PPMs stated that "[n]o 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." The PPMs also disclaimed any duty to update.

256. Accordingly, McKinley and Jade Funding relied on this false and misleading legal work prepared by Pauciulo and the Eckert Firm, in encouraging investors to invest in Jade Funding which, in turn, invested in PAR Funding.

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to what McKinley and Jade Fund relied on, and therefore deny the same. It is specifically denied that Pauciulo and Eckert prepared false and misleading work.

257. Defendants were reckless, careless, and negligent when representing Plaintiffs, both generally and in the following specific ways:

(a) Providing false and inaccurate information regarding the legality of PAR Funding's operations;

Case ID: 201200892

ANSWER: Denied. To the extent the averments of Paragraph 257(a) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 257(a) are denied.

(b) Misrepresenting the safety and security of investing in PAR Funding;

ANSWER: Denied. To the extent the averments of Paragraph 257(b) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 257(b) are denied.

(c) Failing to disclose the criminal past of PAR Funding's principal, Joseph LaForte;

ANSWER: Denied. To the extent the averments of Paragraph 257(c) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 257(c) are denied.

(d) Failing to disclose a professional relationship to PAR Funding that created a conflict of interest in Defendants' representation of Plaintiffs in forming an Agent Fund to invest in PAR;

ANSWER: Denied. To the extent the averments of Paragraph 257(d) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 257(d) are denied.

(e) Encouraging Plaintiffs to invest in PAR and to solicit others to invest in PAR;

Case ID: 201200892

ANSWER: Denied. To the extent the averments of Paragraph 257(e) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 257(e) are denied.

(f) Failing to advise that the Agent Fund strategy may not be compliant with SEC Regulations;

ANSWER: Denied. To the extent the averments of Paragraph 257(f) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 257(f) are denied.

(g) Failing to properly draft a PPM; and

ANSWER: Denied. To the extent the averments of Paragraph 257(g) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 257(g) are denied.

(h) Failing and or refusing to provide advice and legal support to Plaintiffs, the Defendants' clients, when the assets of PAR Funding were seized by the government, and PAR Funding came under close legal scrutiny.

ANSWER: Denied. To the extent the averments of Paragraph 257(h) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 257(h) are denied.

258. As a result of Defendants' actions and omissions, Plaintiffs suffered economic losses in an amount of at least $201,000, the amount of money Jade Funding invested in PAR, excluding interest, and $15,000, the amount of money McKinley invested in Jade Funding, also excluding interest and both excluding fees paid to Eckert.

Case ID: 201200892

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to how much money Jade Fund or McKinley invested and therefore deny the same. To the extent the averments of Paragraph 258 consist of legal conclusions, no response is required, and they are therefore denied. It is specifically denied that Plaintiffs suffered losses as a result of Pauciulo's and Eckert's actions.

259. In addition, Plaintiffs suffered additional losses including, but not limited to, counsel fees related to the SEC investigation and expended to defend against claims from investors, as well as the loss of use of their investment.

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to whether or how much Plaintiffs paid in counsel fees related to the SEC investigation or their defense against claims from their investors and therefore deny the same. It is specifically denied that Plaintiffs suffered losses as a result of Pauciulo's and Eckert's actions.

WHEREFORE, Defendants Pauciulo and Eckert request that judgment be entered in their favor and against Plaintiffs Andrew McKinley and Jade Funding, LLC, dismissing the Complaint with prejudice, together with costs, attorneys' fees, and such other and further relief as the Court deems just and proper.

COUNT XVI - LEGAL MALPRACTICE (CONTRACT) PLAINTIFFS ANDREW MCKINLEY AND JADE FUNDING, LLC V. DEFENDANTS

260. Plaintiffs incorporate paragraphs 1 through 95 as though set forth at length in this Count.

ANSWER: Pauciulo and Eckert incorporate Paragraphs 1 through 95 of this Answer as if fully set forth herein.

Case ID: 201200892

261. On or about, August 5, 2019, McKinley retained the legal services of Pauciulo and the Eckert Firm to represent him in the creation of an Agent Fund to operate as an investment vehicle and to hold the securities or promissory notes from PAR Funding, as described in the facts section of this Complaint. A true and correct copy of the engagement letter is attached as Exhibit A.

ANSWER: Admitted in part, denied in part. It is admitted that on or about August 5, 2019, McKinley retained the legal services of Pauciulo and Eckert. By way of further response, McKinley's engagement was governed by a writing that speaks for itself, which Pauciulo and Eckert refer to for its terms. Any characterization of such writing is denied. To the extent the averments of Paragraph 261 are inconsistent with such writing and/or attempt to characterize such writing, the averments and/or characterizations are denied. It is denied that the investment funds sought individuals to invest in the purchase of a security that would be invested in PAR, specifically. The PPMs for the investment funds contemplated investments in merchant cash advance companies and stated that "[t]he 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." However, Plaintiffs' investment focus was on PAR, and upon information and belief, Plaintiffs conducted their own due diligence through meetings with representatives of PAR and review of materials from PAR as well as other direct or indirect communications with PAR.

262. As part of the representation, the Eckert Firm and Pauciulo were to form an Agency Fund that was legally compliant with all applicable banking or SEC regulations, including SEC Regulation D, and to prepare all necessary Fund formation documents, as well as the investor statements and other documents that would be legally required, including a PPM.

Case ID: 201200892

ANSWER: To the extent the averments of Paragraph 262 refer to or rely on writings, such writings speak for themselves, Pauciulo and Eckert refer to such writings for their terms and any characterization of such writings is denied. To the extent the averments of Paragraph 262 are inconsistent with such writings and/or attempt to characterize such writings, the averments and/or characterizations are denied. By way of further response, the legal services to be provided were set forth in engagement letters and included the following: (i) the formation of a Delaware limited liability company; (ii) the preparation of a PPM to be used in connection with the offering of ownership interests in the fund; (iii) 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 (iv) counseling with respect to conducting the offering. The PPMs and related legal services rendered to each Plaintiff were consistent with the scope of the engagement.

263. In or around August 19, 2019, McKinley, through the legal assistance of the Eckert Firm and Pauciulo (or other attorneys under Pauciulo's direction and supervision), formed Jade Funding.

ANSWER: Admitted that Pauciulo and Eckert formed Jade Fund, LLC in or around August 19, 2019.

264. In the engagement agreement, the Eckert Firm and Pauciulo expressly agreed that the representation necessarily would include: "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 "counseling with respect to the offering."

ANSWER: To the extent the averments of Paragraph 264 refer to or rely on writings, such writings speak for themselves, Pauciulo and Eckert refer to such writings for their

Case ID: 201200892

terms and any characterization of such writings is denied. To the extent the averments of Paragraph 264 are inconsistent with such writings and/or attempt to characterize such writings, the averments and/or characterizations are denied.

265. The Eckert Firm and Pauciulo failed to discharge these express contractual obligations.

ANSWER: Denied. To the extent the averments of Paragraph 265 consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 265 are denied.

266. Moreover, the Eckert Firm and Pauciulo failed to provide legal services that were consistent with legal industry standards, which is an implied promise in every legal engagement.

ANSWER: Denied. To the extent the averments of Paragraph 266 consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 266 are denied.

267. Pauciulo, and others working with him at the Eckert Firm, formed Jade Funding, LLC, and prepared a PPM that did not make necessary disclosures. At no time did Pauciulo, or any attorney from the Eckert Firm, advise Jade Funding or McKinley that it was necessary to amend the PPM to make disclosures about the risks of investing in PAR, although Pauciulo knew or should have known of those risks.

ANSWER: Admitted in part, denied in part. It is admitted that Pauciulo and Eckert formed Jade Fund, LLC. To the extent the averments of Paragraph 267 consist of legal conclusions, no response is required, and they are therefore denied. It is specifically denied that Pauciulo or Eckert caused the PPM to not make necessary disclosures. By way of further response, the PPMs disclosed numerous risk factors, such as that "[u]nderwriting and risk

Case ID: 201200892

management efforts may not be effective" and "[o]ther regulatory risks." The PPMs also warned that "[i]nvestment in the notes involves a high degree of risk and is suitable only for persons of substantial financial resources who have no need for liquidity in their investment." Moreover, the PPMs stated that "[n]o 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." The PPMs also disclaimed any duty to update.

268. Accordingly, McKinley and Jade Funding relied on this false and misleading legal work prepared by Pauciulo and the Eckert Firm, in encouraging investors to invest in Jade Funding which, in turn, invested in PAR Funding.

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to what McKinley and Jade Fund relied on, and therefore deny the same. It is specifically denied that Pauciulo and Eckert prepared false and misleading work.

269. Defendants failed to prepare necessary documentation to ensure that MIF would be compliant with all state and federal securities laws, and did not provide appropriate counsel regarding the offering, in the following ways:

(a) Providing false and inaccurate information regarding the legality of PAR Funding's operations;

Case ID: 201200892

ANSWER: Denied. To the extent the averments of Paragraph 269(a) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 269(a) are denied.

(b) Misrepresenting the safety and security of investing in PAR Funding;

ANSWER: Denied. To the extent the averments of Paragraph 269(b) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 269(b) are denied.

(c) Failing to disclose the criminal past of PAR Funding's principal, Joseph LaForte;

ANSWER: Denied. To the extent the averments of Paragraph 269(c) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 269(c) are denied.

(d) Failing to disclose a professional relationship to PAR Funding that created a conflict of interest in Defendants' representation of Plaintiffs in forming an Agent Fund to invest in PAR;

ANSWER: Denied. To the extent the averments of Paragraph 269(d) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 269(d) are denied.

(e) Encouraging Plaintiffs to invest in PAR and to solicit others to invest in PAR;

Case ID: 201200892

ANSWER: Denied. To the extent the averments of Paragraph 269(e) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 269(e) are denied.

(f) Failing to advise that the Agent Fund strategy may not be compliant with SEC Regulations;

ANSWER: Denied. To the extent the averments of Paragraph 269(f) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 269(f) are denied.

(g) Failing to properly draft a PPM; and

ANSWER: Denied. To the extent the averments of Paragraph 269(g) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 269(g) are denied.

(h) Failing and or refusing to provide advice and legal support to Plaintiffs, the Defendants' clients, when the assets of PAR Funding were seized by the government, and PAR Funding came under close legal scrutiny.

ANSWER: Denied. To the extent the averments of Paragraph 269(h) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 269(h) are denied.

270. As a result of Defendants' breach of contract, Plaintiffs suffered economic losses in an amount of at least $201,000, the amount of money Jade Funding invested in PAR, excluding interest, and $15,000, the amount of money McKinley invested in Jade Funding, also excluding interest and both excluding fees paid to Eckert.

Case ID: 201200892

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to how much money Jade Fund or McKinley invested and therefore deny the same. To the extent the averments of Paragraph 270 consist of legal conclusions, no response is required, and they are therefore denied. It is specifically denied that Plaintiffs suffered losses as a result of Pauciulo's and Eckert's actions.

271. In addition, Plaintiffs suffered consequential damages including, but not limited to, counsel fees, the loss of use of their investment, lost profits and/or interest.

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to whether or how much Plaintiffs paid in counsel fees and therefore deny the same. To the extent the averments of Paragraph 271 consist of legal conclusions, no response is required, and they are therefore denied. It is specifically denied that Plaintiffs suffered losses as a result of Pauciulo's and Eckert's actions.

WHEREFORE, Defendants Pauciulo and Eckert request that judgment be entered in their favor and against Plaintiffs Andrew McKinley and Jade Funding, LLC, dismissing the Complaint with prejudice, together with costs, attorneys' fees, and such other and further relief as the Court deems just and proper.

COUNT XVII - LEGAL MALPRACTICE (TORT)

Plaintiffs Christopher McMorrow and M.K. One Income Fund, LLC v. Defendants

272. Plaintiffs incorporate paragraphs 1 through 95 as though set forth at length in this Count.

ANSWER: Pauciulo and Eckert incorporate Paragraphs 1 through 95 of this Answer as if fully set forth herein.

273. On or about, September 28, 2018, McMorrow retained the legal services of Pauciulo and the Eckert Firm to represent him in the creation of an Agent Fund to operate as an

Case ID: 201200892

investment vehicle and to hold the securities or promissory notes from PAR Funding, as described in the facts section of this Complaint. A true and correct copy of the engagement letter is attached as Exhibit A.

ANSWER: Admitted in part, denied in part. It is admitted that on or about September 28, 2018, McMorrow retained the legal services of Pauciulo and Eckert. By way of further response, McMorrow's engagement was governed by a writing that speaks for itself, which Pauciulo and Eckert refer to for its terms. Any characterization of such writing is denied. To the extent the averments of Paragraph 273 are inconsistent with such writing and/or attempt to characterize such writing, the averments and/or characterizations are denied. It is denied that the investment funds sought individuals to invest in the purchase of a security that would be invested in PAR, specifically. The PPMs for the investment funds contemplated investments in merchant cash advance companies and stated that "[t]he 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." However, Plaintiffs' investment focus was on PAR, and upon information and belief, Plaintiffs conducted their own due diligence through meetings with representatives of PAR and review of materials from PAR as well as other direct or indirect communications with PAR.

274. As part of the representation, the Eckert Firm and Pauciulo were to form an Agency Fund that was legally compliant with all applicable banking or SEC regulations, including SEC Regulation D, and to prepare all necessary Fund formation documents, as well as the investor statements and other documents that would be legally required, including a PPM.

ANSWER: To the extent the averments of Paragraph 274 refer to or rely on writings, such writings speak for themselves, Pauciulo and Eckert refer to such writings for their

Case ID: 201200892

terms and any characterization of such writings is denied. To the extent the averments of Paragraph 274 are inconsistent with such writings and/or attempt to characterize such writings, the averments and/or characterizations are denied. By way of further response, the legal services to be provided were set forth in engagement letters and included the following: (i) the formation of a Delaware limited liability company; (ii) the preparation of a PPM to be used in connection with the offering of ownership interests in the fund; (iii) 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 (iv) counseling with respect to conducting the offering. The PPMs and related legal services rendered to each Plaintiff were consistent with the scope of the engagement.

275. In or around November 2, 2018, McMorrow, through the legal assistance of the Eckert Firm and Pauciulo (or other attorneys under Pauciulo's direction and supervision), formed MKOIF.

ANSWER: Admitted that in or around November 1, 2018, Pauciulo and Eckert formed MKOIF.

276. At all relevant times, Pauciulo knew, or should have known based on discussions or other communications from McMorrow, that the Agent Fund was being formed specifically to invest in PAR funding.

ANSWER: Denied as stated. It is admitted that Pauciulo knew that the investment fund was being formed to invest in PAR, but the investment decision ultimately rested with each Plaintiff and the management company. To the extent the averments of Paragraph 276 refer to writings, such writings speak for themselves and Pauciulo and Eckert refer to such writings for their terms and deny any characterization of such writings. To the

Case ID: 201200892

extent the averments of Paragraph 276 are inconsistent with such writings and/or attempt to characterize such writings, the averments and/or characterizations are denied.

277. Pauciulo, and others working with him at the Eckert Firm, formed M.K. One Income Fund, LLC, and prepared a PPM that did not make necessary disclosures. At no time did Pauciulo, or any other Eckert attorney, advise MKOIF or McMorrow that it was necessary to amend the PPM to make disclosures about the risks of investing in PAR, although Pauciulo knew or should have known of those risks.

ANSWER: Admitted in part, denied in part. It is admitted that Pauciulo and Eckert formed MKOIF. To the extent the averments of Paragraph 277 consist of legal conclusions, no response is required, and they are therefore denied. It is specifically denied that Pauciulo or Eckert caused the PPM to not make necessary disclosures. By way of further response, the PPMs disclosed numerous risk factors, such as that "[u]nderwriting and risk management efforts may not be effective" and "[o]ther regulatory risks." The PPMs also warned that "[i]nvestment in the notes involves a high degree of risk and is suitable only for persons of substantial financial resources who have no need for liquidity in their investment." Moreover, the PPMs stated that "[n]o 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." The PPMs also disclaimed any duty to update.

Case ID: 201200892

278. Accordingly, McMorrow and MKOIF relied on this false and misleading legal work prepared by Pauciulo and the Eckert Firm, in encouraging investors to invest in MKOIF which, in turn, invested in PAR Funding.

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to what McMorrow and MKOIF relied on, and therefore deny the same. It is specifically denied that Pauciulo and Eckert prepared false and misleading work.

279. Defendants were reckless, careless, and negligent when representing Plaintiffs, both generally and in the following specific ways:

(a) Providing false and inaccurate information regarding the legality of PAR Funding's operations;

ANSWER: Denied. To the extent the averments of Paragraph 279(a) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 279(a) are denied.

(b) Misrepresenting the safety and security of investing in PAR Funding;

ANSWER: Denied. To the extent the averments of Paragraph 279(b) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 279(b) are denied.

(c) Failing to disclose the criminal past of PAR Funding's principal, Joseph LaForte;

Case ID: 201200892

ANSWER: Denied. To the extent the averments of Paragraph 279(c) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 279(c) are denied.

(d) Failing to disclose a professional relationship to PAR Funding that created a conflict of interest in Defendants' representation of Plaintiffs in forming an Agent Fund to invest in PAR;

ANSWER: Denied. To the extent the averments of Paragraph 279(d) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 279(d) are denied.

(e) Encouraging Plaintiffs to invest in PAR and to solicit others to invest in PAR;

ANSWER: Denied. To the extent the averments of Paragraph 279(e) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 279(e) are denied.

(f) Failing to advise that the Agent Fund strategy may not be compliant with SEC Regulations;

ANSWER: Denied. To the extent the averments of Paragraph 279(f) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 279(f) are denied.

(g) Failing to properly draft a PPM; and

ANSWER: Denied. To the extent the averments of Paragraph 279(g) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 279(g) are denied.

Case ID: 201200892

(h) Failing and or refusing to provide advice and legal support to Plaintiffs, the Defendants' clients, when the assets of PAR Funding were seized by the government, and PAR Funding came under close legal scrutiny.

ANSWER: Denied. To the extent the averments of Paragraph 279(h) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 279(h) are denied.

280. As a result of Defendants' actions and omissions, Plaintiffs suffered economic losses in an amount of at least $1,343,544, the amount of money MKOIF invested in PAR, excluding interest, and $10,000, the amount of money McMorrow invested in MKOIF, excluding interest and fees paid to Eckert.

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to how much money MKOIF or McMorrow invested and therefore deny the same. To the extent the averments of Paragraph 280 consist of legal conclusions, no response is required, and they are therefore denied. It is specifically denied that Plaintiffs suffered losses as a result of Pauciulo's and Eckert's actions.

281. In addition, Plaintiffs suffered additional losses including, but not limited to, counsel fees related to the SEC investigation and expended to defend against claims from investors, as well as the loss of use of their investment, and lost business referrals.

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to whether or how much Plaintiffs paid in counsel fees related to the SEC investigation or their defense against claims from their investors and therefore deny the same. It is specifically denied that Plaintiffs suffered losses as a result of Pauciulo's and Eckert's actions.

Case ID: 201200892

WHEREFORE, Defendants Pauciulo and Eckert request that judgment be entered in their favor and against Plaintiffs Christopher McMorrow and M.K. One Income Fund, LLC, dismissing the Complaint with prejudice, together with costs, attorneys' fees, and such other and further relief as the Court deems just and proper.

COUNT XVIII - LEGAL MALPRACTICE (CONTRACT)

Plaintiffs Christopher McMorrow and M.K. One Income Fund, LLC v. Defendants

282. Plaintiffs incorporate paragraphs 1 through 95 as though set forth at length in this Count.

ANSWER: Pauciulo and Eckert incorporate Paragraphs 1 through 95 of this Answer as if fully set forth herein.

283. On or about, September 28, 2018, McMorrow retained the legal services of Pauciulo and the Eckert Firm to represent him in the creation of an Agent Fund to operate as an investment vehicle and to hold the securities or promissory notes from PAR Funding, as described in the facts section of this Complaint. A true and correct copy of the engagement letter is attached as Exhibit A.

ANSWER: Admitted in part, denied in part. It is admitted that on or about September 28, 2018, McMorrow retained the legal services of Pauciulo and Eckert. By way of further response, McMorrow's engagement was governed by a writing that speaks for itself, which Pauciulo and Eckert refer to for its terms. Any characterization of such writing is denied. To the extent the averments of Paragraph 283 are inconsistent with such writing and/or attempt to characterize such writing, the averments and/or characterizations are denied. It is denied that the investment funds sought individuals to invest in the purchase of a security that would be invested in PAR, specifically. The PPMs for the investment funds contemplated investments in merchant cash advance companies and stated that "[t]he proceeds from the sales of the Notes

Case ID: 201200892

will be used to purchase promissory notes and other similar debt instruments offered and sold by companies which provide 'Merchant Cash Advance' financing." However, Plaintiffs' investment focus was on PAR, and upon information and belief, Plaintiffs conducted their own due diligence through meetings with representatives of PAR and review of materials from PAR as well as other direct or indirect communications with PAR.

284. As part of the representation, the Eckert Firm and Pauciulo were to form an Agent Fund that was legally compliant with all applicable banking or SEC regulations, including SEC Regulation D, and to prepare all necessary Fund formation documents, as well as the investor statements and other documents that would be legally required, including a PPM.

ANSWER: To the extent the averments of Paragraph 284 refer to or rely on writings, such writings speak for themselves, Pauciulo and Eckert refer to such writings for their terms and any characterization of such writings is denied. To the extent the averments of Paragraph 284 are inconsistent with such writings and/or attempt to characterize such writings, the averments and/or characterizations are denied. By way of further response, the legal services to be provided were set forth in engagement letters and included the following: (i) the formation of a Delaware limited liability company; (ii) the preparation of a PPM to be used in connection with the offering of ownership interests in the fund; (iii) 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 (iv) counseling with respect to conducting the offering. The PPMs and related legal services rendered to each Plaintiff were consistent with the scope of the engagement.

Case ID: 201200892

285. In or around November 2, 2018, McMorrow, through the legal assistance of the Eckert Firm and Pauciulo (or other attorneys under Pauciulo's direction and supervision), formed MKOIF.

ANSWER: Admitted that in or around November 1, 2018, Pauciulo and Eckert formed MKOIF.

286. In the engagement agreement, the Eckert Firm and Pauciulo expressly agreed that the representation necessarily would include: "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 "counseling with respect to the offering."

ANSWER: To the extent the averments of Paragraph 286 refer to or rely on writings, such writings speak for themselves, Pauciulo and Eckert refer to such writings for their terms and any characterization of such writings is denied. To the extent the averments of Paragraph 286 are inconsistent with such writings and/or attempt to characterize such writings, the averments and/or characterizations are denied.

287. The Eckert Firm and Pauciulo failed to discharge these express contractual obligations.

ANSWER: Denied. To the extent the averments of Paragraph 287 consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 287 are denied.

288. Moreover, the Eckert Firm and Pauciulo failed to provide legal services that were consistent with legal industry standards, which is an implied promise in every legal engagement.

Case ID: 201200892

ANSWER: Denied. To the extent the averments of Paragraph 288 consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 288 are denied.

289. Pauciulo, and others working with him at the Eckert Firm, formed the M.K. One Income Fund, LLC, and prepared a PPM that did not make necessary disclosures. At no time did Pauciulo, or any attorney from the Eckert Firm, advise MKOIF or McMorrow that it was necessary to amend the PPM to make disclosures about the risks of investing in PAR, although Pauciulo knew or should have known of those risks.

ANSWER: Admitted in part, denied in part. It is admitted that Pauciulo and Eckert formed MKOIF. To the extent the averments of Paragraph 289 consist of legal conclusions, no response is required, and they are therefore denied. It is specifically denied that Pauciulo or Eckert caused the PPM to not make necessary disclosures. By way of further response, the PPMs disclosed numerous risk factors, such as that "[u]nderwriting and risk management efforts may not be effective" and "[o]ther regulatory risks." The PPMs also warned that "[i]nvestment in the notes involves a high degree of risk and is suitable only for persons of substantial financial resources who have no need for liquidity in their investment." Moreover, the PPMs stated that "[n]o 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." The PPMs also disclaimed any duty to update.

Case ID: 201200892

290. Accordingly, McMorrow and MKOIF relied on this false and misleading legal work prepared by Pauciulo and the Eckert Firm, in encouraging investors to invest in MKOIF which, in turn, invested in PAR Funding.

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to what McMorrow and MKOIF relied on, and therefore deny the same. It is specifically denied that Pauciulo and Eckert prepared false and misleading work.

291. Defendants failed to prepare necessary documentation to ensure that MKOIF would be compliant with all state and federal securities laws, and did not provide appropriate counsel regarding the offering, in the following ways:

(a) Providing false and inaccurate information regarding the legality of PAR Funding's operations;

ANSWER: Denied. To the extent the averments of Paragraph 291(a) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 291(a) are denied.

(b) Misrepresenting the safety and security of investing in PAR Funding;

ANSWER: Denied. To the extent the averments of Paragraph 291(b) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 291(b) are denied.

(c) Failing to disclose the criminal past of PAR Funding's principal, Joseph LaForte;

Case ID: 201200892

ANSWER: Denied. To the extent the averments of Paragraph 291(c) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 291(c) are denied.

(d) Failing to disclose a professional relationship to PAR Funding that created a conflict of interest in Defendants' representation of Plaintiffs in forming an Agent Fund to invest in PAR;

ANSWER: Denied. To the extent the averments of Paragraph 291(d) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 291(d) are denied.

(e) Encouraging Plaintiffs to invest in PAR and to solicit others to invest in PAR;

ANSWER: Denied. To the extent the averments of Paragraph 291(e) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 291(e) are denied.

(f) Failing to advise that the Agent Fund strategy may not be compliant with SEC Regulations;

ANSWER: Denied. To the extent the averments of Paragraph 291(f) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 291(f) are denied.

(g) Failing to properly draft a PPM; and

ANSWER: Denied. To the extent the averments of Paragraph 291(g) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 291(g) are denied.

Case ID: 201200892

(h) Failing and or refusing to provide advice and legal support to Plaintiffs, the Defendants' clients, when the assets of PAR Funding were seized by the government, and PAR Funding came under close legal scrutiny.

ANSWER: Denied. To the extent the averments of Paragraph 291(h) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 291(h) are denied.

292. As a result of Defendants' breach of contract, Plaintiffs suffered economic losses in an amount of at least $1,353,455, the amount of money MKOIF invested in PAR, excluding interest, and $10,000, the amount of money McMorrow invested in MKOIF, excluding interest and fees paid to Eckert.

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to how much money MKOIF or McMorrow invested and therefore deny the same. To the extent the averments of Paragraph 292 consist of legal conclusions, no response is required, and they are therefore denied. It is specifically denied that Plaintiffs suffered losses as a result of Pauciulo's and Eckert's actions.

293. In addition, Plaintiffs suffered consequential damages including, but not limited to, counsel fees, the loss of use of their investment, lost profits and/or interest, and loss of business referrals.

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to whether or how much Plaintiffs paid in counsel fees and therefore deny the same. To the extent the averments of Paragraph 293 consist of legal conclusions, no response is required, and they are therefore denied. It is specifically denied that Plaintiffs suffered losses as a result of Pauciulo's and Eckert's actions.

Case ID: 201200892

WHEREFORE, Defendants Pauciulo and Eckert request that judgment be entered in their favor and against Plaintiffs Christopher McMorrow and M.K. One Income Fund, LLC, dismissing the Complaint with prejudice, together with costs, attorneys' fees, and such other and further relief as the Court deems just and proper.

COUNT XIX - LEGAL MALPRACTICE (TORT)

Plaintiffs Mark Nardelli and GR8 Income Fund, LLC v. Defendants

294. Plaintiffs incorporate paragraphs 1 through 95 as though set forth at length in this Count.

ANSWER: Pauciulo and Eckert incorporate Paragraphs 1 through 95 of this Answer as if fully set forth herein.

295. On or about, November 13, 2018, Nardelli retained the legal services of Pauciulo and the Eckert Firm to represent him in the creation of an Agent Fund to operate as an investment vehicle and to hold the securities or promissory notes from PAR Funding, as described in the facts section of this Complaint. A true and correct copy of the engagement letter is attached as Exhibit A.

ANSWER: Admitted in part, denied in part. It is admitted that on or about November 13, 2018, Nardelli retained the legal services of Pauciulo and Eckert. By way of further response, Nardelli's engagement was governed by a writing that speaks for itself, which Pauciulo and Eckert refer to for its terms. Any characterization of such writing is denied. To the extent the averments of Paragraph 295 are inconsistent with such writing and/or attempt to characterize such writing, the averments and/or characterizations are denied. It is denied that the investment funds sought individuals to invest in the purchase of a security that would be invested in PAR, specifically. The PPMs for the investment funds contemplated investments in merchant cash advance companies and stated that "[t]he proceeds from the sales of the Notes will be used

Case ID: 201200892

to purchase promissory notes and other similar debt instruments offered and sold by companies which provide 'Merchant Cash Advance' financing." However, Plaintiffs' investment focus was on PAR, and upon information and belief, Plaintiffs conducted their own due diligence through meetings with representatives of PAR and review of materials from PAR as well as other direct or indirect communications with PAR.

296. As part of the representation, the Eckert Firm and Pauciulo were to form an Agent Fund that was legally compliant with all applicable banking or SEC regulations, including SEC Regulation D, and to prepare all necessary Fund formation documents, as well as the investor statements and other documents that would be legally required, including a PPM.

ANSWER: To the extent the averments of Paragraph 296 refer to or rely on writings, such writings speak for themselves, Pauciulo and Eckert refer to such writings for their terms and any characterization of such writings is denied. To the extent the averments of Paragraph 296 are inconsistent with such writings and/or attempt to characterize such writings, the averments and/or characterizations are denied. By way of further response, the legal services to be provided were set forth in engagement letters and included the following: (i) the formation of a Delaware limited liability company; (ii) the preparation of a PPM to be used in connection with the offering of ownership interests in the fund; (iii) 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 (iv) counseling with respect to conducting the offering. The PPMs and related legal services rendered to each Plaintiff were consistent with the scope of the engagement.

Case ID: 201200892

297. In or around February 25, 2019, Nardelli, through the legal assistance of the Eckert Firm and Pauciulo (or other attorneys under Pauciulo's direction and supervision), formed GR8 Income Fund.

ANSWER: Admitted.

298. At all relevant times, Pauciulo knew, or should have known based on discussions or other communications from Nardelli, that the Agent Fund was being formed specifically to invest in PAR Funding.

ANSWER: Denied as stated. It is admitted that Pauciulo knew that the investment fund was being formed to invest in PAR, but the investment decision ultimately rested with each Plaintiff and the management company. To the extent the averments of Paragraph 298 refer to writings, such writings speak for themselves and Pauciulo and Eckert refer to such writings for their terms and deny any characterization of such writings. To the extent the averments of Paragraph 298 are inconsistent with such writings and/or attempt to characterize such writings, the averments and/or characterizations are denied.

299. Pauciulo, and others working with him at the Eckert Firm, formed GR8 Income Fund, LLC, and prepared a PPM that did not make necessary disclosures. At no time did Pauciulo, or any other Eckert attorney, advise GR8 Income Fund or Nardelli that it was necessary to amend the PPM to make disclosures about the risks of investing in PAR, although Pauciulo knew or should have known of those risks.

ANSWER: Admitted in part, denied in part. It is admitted that Pauciulo and Eckert formed GR8 Income Fund, LLC. To the extent the averments of Paragraph 299 consist of legal conclusions, no response is required, and they are therefore denied. It is specifically denied that Pauciulo or Eckert caused the PPM to not make necessary disclosures. By way of further

Case ID: 201200892

response, the PPMs disclosed numerous risk factors, such as that "[u]nderwriting and risk management efforts may not be effective" and "[o]ther regulatory risks." The PPMs also warned that "[i]nvestment in the notes involves a high degree of risk and is suitable only for persons of substantial financial resources who have no need for liquidity in their investment." Moreover, the PPMs stated that "[n]o 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." The PPMs also disclaimed any duty to update.

300. Accordingly, Nardelli and GR8 Income Fund relied on this false and misleading legal work prepared by Pauciulo and the Eckert Firm, in encouraging investors to invest in GR8 Income Fund which, in turn, invested in PAR Funding.

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to what Nardelli and GR8 Income Fund relied on, and therefore deny the same. It is specifically denied that Pauciulo and Eckert prepared false and misleading work.

301. Defendants were reckless, careless, and negligent when representing Plaintiffs, both generally and in the following specific ways:

(a) Providing false and inaccurate information regarding the legality of PAR Funding's operations;

Case ID: 201200892

ANSWER: Denied. To the extent the averments of Paragraph 301(a) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 301(a) are denied.

(b) Misrepresenting the safety and security of investing in PAR Funding;

ANSWER: Denied. To the extent the averments of Paragraph 301(b) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 301(b) are denied.

(c) Failing to disclose the criminal past of PAR Funding's principal, Joseph LaForte;

ANSWER: Denied. To the extent the averments of Paragraph 301(c) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 301(c) are denied.

(d) Failing to disclose a professional relationship to PAR Funding that created a conflict of interest in Defendants' representation of Plaintiffs in forming an Agent Fund to invest in PAR;

ANSWER: Denied. To the extent the averments of Paragraph 301(d) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 301(d) are denied.

(e) Encouraging Plaintiffs to invest in PAR and to solicit others to invest in PAR;

Case ID: 201200892

ANSWER: Denied. To the extent the averments of Paragraph 301(e) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 301(e) are denied.

(f) Failing to advise that the Agent Fund strategy may not be compliant with SEC Regulations;

ANSWER: Denied. To the extent the averments of Paragraph 301(f) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 301(f) are denied.

(g) Failing to properly draft a PPM; and

ANSWER: Denied. To the extent the averments of Paragraph 301(g) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 301(g) are denied.

(h) Failing and or refusing to provide advice and legal support to Plaintiffs, the Defendants' clients, when the assets of PAR Funding were seized by the government, and PAR Funding came under close legal scrutiny.

ANSWER: Denied. To the extent the averments of Paragraph 301(h) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 301(h) are denied.

302. As a result of Defendants' actions and omissions, Plaintiffs suffered economic losses in an amount of $1,380,000 the amount of money GR8 Income Fund invested in PAR, excluding interest and fees paid to Eckert.

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to how much money GR8 Income Fund invested

Case ID: 201200892

and therefore deny the same. To the extent the averments of Paragraph 302 consist of legal conclusions, no response is required, and they are therefore denied. It is specifically denied that Plaintiffs suffered losses as a result of Pauciulo's and Eckert's actions.

303. In addition, Plaintiffs suffered additional losses including, but not limited to, counsel fees related to the SEC investigation and expended to defend against claims from investors, as well as the loss of use of their investment.

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to whether or how much Plaintiffs paid in counsel fees related to the SEC investigation or their defense against claims from their investors and therefore deny the same. It is specifically denied that Plaintiffs suffered losses as a result of Pauciulo's and Eckert's actions.

WHEREFORE, Defendants Pauciulo and Eckert request that judgment be entered in their favor and against Plaintiffs Mark Nardelli and GR8 Income Fund, LLC, dismissing the Complaint with prejudice, together with costs, attorneys' fees, and such other and further relief as the Court deems just and proper.

COUNT XX - LEGAL MALPRACTICE (CONTRACT)

Plaintiffs Mark Nardelli and GR8 Income Fund, LLC v. Defendants

304. Plaintiffs incorporate paragraphs 1 through 95 as though set forth at length in this Count.

ANSWER: Pauciulo and Eckert incorporate Paragraphs 1 through 95 of this Answer as if fully set forth herein.

305. On or about, November 13, 2018, Nardelli retained the legal services of Pauciulo and the Eckert Firm to represent him in the creation of an Agent Fund to operate as an investment vehicle and to hold the securities or promissory notes from PAR Funding, as

Case ID: 201200892

described in the facts section of this Complaint. A true and correct copy of the engagement letter is attached as Exhibit A.

ANSWER: Admitted in part, denied in part. It is admitted that on or about November 13, 2018, Nardelli retained the legal services of Pauciulo and Eckert. By way of further response, Nardelli's engagement was governed by a writing that speaks for itself, which Pauciulo and Eckert refer to for its terms. Any characterization of such writing is denied. To the extent the averments of Paragraph 305 are inconsistent with such writing and/or attempt to characterize such writing, the averments and/or characterizations are denied. It is denied that the investment funds sought individuals to invest in the purchase of a security that would be invested in PAR, specifically. The PPMs for the investment funds contemplated investments in merchant cash advance companies and stated that "[t]he 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." However, Plaintiffs' investment focus was on PAR, and upon information and belief, Plaintiffs conducted their own due diligence through meetings with representatives of PAR and review of materials from PAR as well as other direct or indirect communications with PAR.

306. As part of the representation, the Eckert Firm and Pauciulo were to form an Agent Fund that was legally compliant with all applicable banking or SEC regulations, including SEC Regulation D, and to prepare all necessary Fund formation documents, as well as the investor statements and other documents that would be legally required, including a PPM.

ANSWER: To the extent the averments of Paragraph 306 refer to or rely on writings, such writings speak for themselves, Pauciulo and Eckert refer to such writings for their terms and any characterization of such writings is denied. To the extent the averments of

Case ID: 201200892

Paragraph 306 are inconsistent with such writings and/or attempt to characterize such writings, the averments and/or characterizations are denied. By way of further response, the legal services to be provided were set forth in engagement letters and included the following: (i) the formation of a Delaware limited liability company; (ii) the preparation of a PPM to be used in connection with the offering of ownership interests in the fund; (iii) 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 (iv) counseling with respect to conducting the offering. The PPMs and related legal services rendered to each Plaintiff were consistent with the scope of the engagement.

307. In or around February 25, 2019, Nardelli, through the legal assistance of the Eckert Firm and Pauciulo (or other attorneys under Pauciulo's direction and supervision), formed GR8 Income Fund.

ANSWER: Admitted.

308. In the engagement agreement, the Eckert Firm and Pauciulo expressly agreed that the representation necessarily would include: "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 "counseling with respect to the offering."

ANSWER: To the extent the averments of Paragraph 308 refer to or rely on writings, such writings speak for themselves, Pauciulo and Eckert refer to such writings for their terms and any characterization of such writings is denied. To the extent the averments of Paragraph 308 are inconsistent with such writings and/or attempt to characterize such writings, the averments and/or characterizations are denied.

Case ID: 201200892

309. The Eckert Firm and Pauciulo failed to discharge these express contractual obligations.

ANSWER: Denied. To the extent the averments of Paragraph 309 consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 309 are denied.

310. Moreover, the Eckert Firm and Pauciulo failed to provide legal services that were consistent with legal industry standards, which is an implied promise in every legal engagement.

ANSWER: Denied. To the extent the averments of Paragraph 310 consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 310 are denied.

311. Pauciulo, and others working with him at the Eckert Firm, formed GR8 Income Fund, LLC, and prepared a PPM that did not make necessary disclosures. At no time did Pauciulo, or any attorney from the Eckert Firm, advise GR8 Income Fund or Nardelli that it was necessary to amend the PPM to make disclosures about the risks of investing in PAR, although Pauciulo knew or should have known of those risks.

ANSWER: Admitted in part, denied in part. It is admitted that Pauciulo and Eckert formed GR8 Income Fund, LLC. To the extent the averments of Paragraph 311 consist of legal conclusions, no response is required, and they are therefore denied. It is specifically denied that Pauciulo or Eckert caused the PPM to not make necessary disclosures. By way of further response, the PPMs disclosed numerous risk factors, such as that "[u]nderwriting and risk management efforts may not be effective" and "[o]ther regulatory risks." The PPMs also warned that "[i]nvestment in the notes involves a high degree of risk and is suitable only for persons of substantial financial resources who have no need for liquidity in their investment." Moreover,

Case ID: 201200892

the PPMs stated that "[n]o 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." The PPMs also disclaimed any duty to update.

312. Accordingly, Nardelli and GR8 Income Fund relied on this false and misleading legal work prepared by Pauciulo and the Eckert Firm, in encouraging investors to invest in GR8 Income Fund which, in turn, invested in PAR Funding.

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to what Cassidy and VIF relied on, and therefore deny the same. It is specifically denied that Pauciulo and Eckert prepared false and misleading work.

313. Defendants failed to prepare necessary documentation to ensure that GR8 Income Fund would be compliant with all state and federal securities laws, and did not provide appropriate counsel regarding the offering, in the following ways:

(a) Providing false and inaccurate information regarding the legality of PAR Funding's operations;

ANSWER: Denied. To the extent the averments of Paragraph 313(a) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 313(a) are denied.

(b) Misrepresenting the safety and security of investing in PAR Funding;

Case ID: 201200892

ANSWER: Denied. To the extent the averments of Paragraph 313(b) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 313(b) are denied.

(c) Failing to disclose the criminal past of PAR Funding's principal, Joseph LaForte;

ANSWER: Denied. To the extent the averments of Paragraph 313(c) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 313(c) are denied.

(d) Failing to disclose a professional relationship to PAR Funding that created a conflict of interest in Defendants' representation of Plaintiffs in forming an Agent Fund to invest in PAR;

ANSWER: Denied. To the extent the averments of Paragraph 313(d) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 313(d) are denied.

(e) Encouraging Plaintiffs to invest in PAR and to solicit others to invest in PAR;

ANSWER: Denied. To the extent the averments of Paragraph 313(e) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 313(e) are denied.

(f) Failing to advise that the Agent Fund strategy may not be compliant with SEC Regulations;

Case ID: 201200892

ANSWER: Denied. To the extent the averments of Paragraph 313(f) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 313(f) are denied.

(g) Failing to properly draft a PPM; and

ANSWER: Denied. To the extent the averments of Paragraph 313(g) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 313(g) are denied.

(h) Failing and or refusing to provide advice and legal support to Plaintiffs, the Defendants' clients, when the assets of PAR Funding were seized by the government, and PAR Funding came under close legal scrutiny.

ANSWER: Denied. To the extent the averments of Paragraph 313(h) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 313(h) are denied.

314. As a result of Defendants' breach of contract, Plaintiffs suffered economic losses in an amount of $1,380,000 the amount of money GR8 Income Fund invested in PAR, excluding interest and fees paid to Eckert.

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to how much GR8 income Fund invested and therefore deny the same. To the extent the averments of Paragraph 314 consist of legal conclusions, no response is required, and they are therefore denied. It is specifically denied that Plaintiffs suffered losses as a result of Pauciulo's and Eckert's actions.

315. In addition, Plaintiffs suffered consequential damages including, but not limited to, counsel fees, the loss of use of their investment, lost profits and/or interest.

Case ID: 201200892

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to whether or how much Plaintiffs paid in counsel fees and therefore deny the same. To the extent the averments of Paragraph 315 consist of legal conclusions, no response is required, and they are therefore denied. It is specifically denied that Plaintiffs suffered losses as a result of Pauciulo's and Eckert's actions.

WHEREFORE, Defendants Pauciulo and Eckert request that judgment be entered in their favor and against Plaintiffs Mark Nardelli and GR8 Income Fund, LLC, dismissing the Complaint with prejudice, together with costs, attorneys' fees, and such other and further relief as the Court deems just and proper.

COUNT XXI - LEGAL MALPRACTICE (TORT)

Plaintiffs Paul Nick and STFG Income Fund, LLC v. Defendants

316. Plaintiffs incorporate paragraphs 1 through 95 as though set forth at length in this Count.

ANSWER: Pauciulo and Eckert incorporate Paragraphs 1 through 95 of this Answer as if fully set forth herein.

317. On or about, August 8, 2018, Nick retained the legal services of Pauciulo and the Eckert Firm to represent him in the creation of an Agent Fund to operate as an investment vehicle and to hold the securities or promissory notes from PAR Funding, as described in the facts section of this Complaint. A true and correct copy of the engagement letter is attached as Exhibit A.

ANSWER: Admitted in part, denied in part. It is admitted that on or about August 8, 2018, Nick retained the legal services of Pauciulo and Eckert. By way of further response, Nick's engagement was governed by a writing that speaks for itself, which Pauciulo and Eckert refer to for its terms. Any characterization of such writing is denied. To the extent

Case ID: 201200892

the averments of Paragraph 317 are inconsistent with such writing and/or attempt to characterize such writing, the averments and/or characterizations are denied. It is denied that the investment funds sought individuals to invest in the purchase of a security that would be invested in PAR, specifically. The PPMs for the investment funds contemplated investments in merchant cash advance companies and stated that "[t]he 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." However, Plaintiffs' investment focus was on PAR, and upon information and belief, Plaintiffs conducted their own due diligence through meetings with representatives of PAR and review of materials from PAR as well as other direct or indirect communications with PAR.

318. As part of the representation, the Eckert Firm and Pauciulo were to form an Agent Fund that was legally compliant with all applicable banking or SEC regulations, including SEC Regulation D, and to prepare all necessary Fund formation documents, as well as the investor statements and other documents that would be legally required, including a PPM.

ANSWER: To the extent the averments of Paragraph 318 refer to or rely on writings, such writings speak for themselves, Pauciulo and Eckert refer to such writings for their terms and any characterization of such writings is denied. To the extent the averments of Paragraph 318 are inconsistent with such writings and/or attempt to characterize such writings, the averments and/or characterizations are denied. By way of further response, the legal services to be provided were set forth in engagement letters and included the following: (i) the formation of a Delaware limited liability company; (ii) the preparation of a PPM to be used in connection with the offering of ownership interests in the fund; (iii) the preparation and filing of such forms as may be necessary to have the fund comply with applicable state and federal securities laws

Case ID: 201200892

including Form D; and (iv) counseling with respect to conducting the offering. The PPMs and related legal services rendered to each Plaintiff were consistent with the scope of the engagement.

319. In or around September 6, 2018, Nick, through the legal assistance of the Eckert Firm and Pauciulo (or other Eckert attorneys under Pauciulo's direct and supervision), formed STFG Income Fund, LLC.

ANSWER: Admitted.

320. At all relevant times, Pauciulo knew, or should have known based on discussions or other communications from Nick, that the Agent Fund was being formed specifically to invest in PAR Funding.

ANSWER: Denied as stated. It is admitted that Pauciulo knew that the investment fund was being formed to invest in PAR, but the investment decision ultimately rested with each Plaintiff and the management company. To the extent the averments of Paragraph 320 refer to writings, such writings speak for themselves and Pauciulo and Eckert refer to such writings for their terms and deny any characterization of such writings. To the extent the averments of Paragraph 320 are inconsistent with such writings and/or attempt to characterize such writings, the averments and/or characterizations are denied.

321. Pauciulo, and others working with him at the Eckert Firm, formed STFG Income Fund, LLC, and prepared a PPM that did not make necessary disclosures. At no time did Pauciulo, or any other Eckert attorney, advise STFG or Nick that it was necessary to amend the PPM to make disclosures about the risks of investing in PAR, although Pauciulo knew or should have known of those risks.

Case ID: 201200892

ANSWER: Admitted in part, denied in part. It is admitted that Pauciulo and Eckert formed STFG Income Fund, LLC. To the extent the averments of Paragraph 321 consist of legal conclusions, no response is required, and they are therefore denied. It is specifically denied that Pauciulo or Eckert caused the PPM to not make necessary disclosures. By way of further response, the PPMs disclosed numerous risk factors, such as that "[u]nderwriting and risk management efforts may not be effective" and "[o]ther regulatory risks." The PPMs also warned that "[i]nvestment in the notes involves a high degree of risk and is suitable only for persons of substantial financial resources who have no need for liquidity in their investment." Moreover, the PPMs stated that "[n]o 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." The PPMs also disclaimed any duty to update.

322. Accordingly, Nick and STFG relied on this false and misleading legal work prepared by Pauciulo and the Eckert Firm, in encouraging investors to invest in STFG which, in turn, invested in PAR Funding.

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to what Nick and STFG relied on, and therefore deny the same. It is specifically denied that Pauciulo and Eckert prepared false and misleading work.

323. Defendants were reckless, careless, and negligent when representing Plaintiffs, both generally and in the following specific ways:

Case ID: 201200892

(a) Providing false and inaccurate information regarding the legality of PAR Funding's operations;

ANSWER: Denied. To the extent the averments of Paragraph 323(a) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 323(a) are denied.

(b) Misrepresenting the safety and security of investing in PAR Funding;

ANSWER: Denied. To the extent the averments of Paragraph 323(b) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 323(b) are denied.

(c) Failing to disclose the criminal past of PAR Funding's principal, Joseph LaForte;

ANSWER: Denied. To the extent the averments of Paragraph 323(c) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 323(c) are denied.

(d) Failing to disclose a professional relationship to PAR Funding that created a conflict of interest in Defendants' representation of Plaintiffs in forming an Agent Fund to invest in PAR;

ANSWER: Denied. To the extent the averments of Paragraph 323(d) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 323(d) are denied.

(e) Encouraging Plaintiffs to invest in PAR and to solicit others to invest in PAR;

Case ID: 201200892

ANSWER: Denied. To the extent the averments of Paragraph 323(e) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 323(e) are denied.

(f) Failing to advise that the Agent Fund strategy may not be compliant with SEC Regulations;

ANSWER: Denied. To the extent the averments of Paragraph 323(f) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 323(f) are denied.

(g) Failing to properly draft a PPM;

ANSWER: Denied. To the extent the averments of Paragraph 323(g) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 323(g) are denied.

(h) Failing and or refusing to provide advice and legal support to Plaintiffs, the Defendants' clients, when the assets of PAR Funding were seized by the government, and PAR Funding came under close legal scrutiny;

ANSWER: Denied. To the extent the averments of Paragraph 323(h) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 323(h) are denied.

(i) Failing to disclose that PAR Funding and Dean Vagnozzi were under investigation by Pennsylvania & New Jersey State Securities and Banking Authorities at the time the Eckert Firm and Pauciulo prepared STFG Income Fund, LLC PPM documents; and

Case ID: 201200892

ANSWER: Denied. To the extent the averments of Paragraph 323(i) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 323(i) are denied.

(j) Expressly denying, when the media broke with stories of the regulatory fines for both Dean Vagnozzi and PAR Funding, that STFG needed to add disclosures, instead responding to Nick's questions on that subject, by stating, "it [the news] was not material to STFG and disclosures were not needed."

ANSWER: Denied. To the extent the averments of Paragraph 323(j) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 323(j) are denied.

324. As a result of Defendants' actions and omissions, Plaintiffs suffered economic losses in an amount of $8,000,000, the amount of money STFG invested in PAR, excluding interest and fees paid to Eckert.

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to how much money STFG invested and therefore deny the same. To the extent the averments of Paragraph 324 consist of legal conclusions, no response is required, and they are therefore denied. It is specifically denied that Plaintiffs suffered losses as a result of Pauciulo's and Eckert's actions.

325. In addition, Plaintiffs suffered additional losses including, but not limited to, counsel fees related to the SEC investigation and expended to defend against claims from investors, as well as the loss of use of their investment.

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to whether or how much Plaintiffs paid in

Case ID: 201200892

counsel fees related to the SEC investigation or their defense against claims from their investors and therefore deny the same. It is specifically denied that Plaintiffs suffered losses as a result of Pauciulo's and Eckert's actions.

WHEREFORE, Defendants Pauciulo and Eckert request that judgment be entered in their favor and against Plaintiffs, Paul Nick and STFG Income Fund, LLC, dismissing the Complaint with prejudice, together with costs, attorneys' fees, and such other and further relief as the Court deems just and proper.

COUNT XXII - LEGAL MALPRACTICE (CONTRACT) PLAINTIFFS PAUL NICK AND STFG INCOME FUND, LLC V. DEFENDANTS

326. Plaintiffs incorporate paragraphs 1 through 95 as though set forth at length in this Count.

ANSWER: Pauciulo and Eckert incorporate Paragraphs 1 through 95 of this Answer as if fully set forth herein.

327. On or about, August 8, 2018, Nick retained the legal services of Pauciulo and the Eckert Firm to represent him in the creation of an Agent Fund to operate as an investment vehicle and to hold the securities or promissory notes from PAR Funding, as described in the facts section of this Complaint. A true and correct copy of the engagement letter is attached as Exhibit A.

ANSWER: Admitted in part, denied in part. It is admitted that on or about August 8, 2018, Nick retained the legal services of Pauciulo and Eckert. By way of further response, Nick's engagement was governed by a writing that speaks for itself, which Pauciulo and Eckert refer to for its terms. Any characterization of such writing is denied. To the extent the averments of Paragraph 327 are inconsistent with such writing and/or attempt to characterize such writing, the averments and/or characterizations are denied. It is denied that the investment

Case ID: 201200892

funds sought individuals to invest in the purchase of a security that would be invested in PAR, specifically. The PPMs for the investment funds contemplated investments in merchant cash advance companies and stated that "[t]he 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." However, Plaintiffs' investment focus was on PAR, and upon information and belief, Plaintiffs conducted their own due diligence through meetings with representatives of PAR and review of materials from PAR as well as other direct or indirect communications with PAR.

328. As part of the representation, the Eckert Firm and Pauciulo were to form an Agent Fund that was legally compliant with all applicable banking or SEC regulations, including SEC Regulation D, and to prepare all necessary Fund formation documents, as well as the investor statements and other documents that would be legally required, including a PPM.

ANSWER: To the extent the averments of Paragraph 328 refer to or rely on writings, such writings speak for themselves, Pauciulo and Eckert refer to such writings for their terms and any characterization of such writings is denied. To the extent the averments of Paragraph 328 are inconsistent with such writings and/or attempt to characterize such writings, the averments and/or characterizations are denied. By way of further response, the legal services to be provided were set forth in engagement letters and included the following: (i) the formation of a Delaware limited liability company; (ii) the preparation of a PPM to be used in connection with the offering of ownership interests in the fund; (iii) 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 (iv) counseling with respect to conducting the offering. The PPMs and

Case ID: 201200892

related legal services rendered to each Plaintiff were consistent with the scope of the engagement.

329. In or around September 6, 2018, Nick, through the legal assistance of the Eckert Firm and Pauciulo (or other attorneys under Pauciulo's direction and supervision), formed STFG.

ANSWER: Admitted.

330. In the engagement agreement, the Eckert Firm and Pauciulo expressly agreed that the representation necessarily would include: "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 "counseling with respect to the offering."

ANSWER: To the extent the averments of Paragraph 330 refer to or rely on writings, such writings speak for themselves, Pauciulo and Eckert refer to such writings for their terms and any characterization of such writings is denied. To the extent the averments of Paragraph 330 are inconsistent with such writings and/or attempt to characterize such writings, the averments and/or characterizations are denied.

331. The Eckert Firm and Pauciulo failed to discharge these express contractual obligations.

ANSWER: Denied. To the extent the averments of Paragraph 331 consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 331 are denied.

332. Moreover, the Eckert Firm and Pauciulo failed to provide legal services that were consistent with legal industry standards, which is an implied promise in every legal engagement.

Case ID: 201200892

ANSWER: Denied. To the extent the averments of Paragraph 332 consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 332 are denied.

333. Pauciulo, and others working with him at the Eckert Firm, formed STFG Income Fund, LLC, and prepared a PPM that did not make necessary disclosures. At no time did Pauciulo, or any attorney from the Eckert Firm, advise STFG or Nick that it was necessary to amend the PPM to make disclosures about the risks of investing in PAR, although Pauciulo knew or should have known of those risks.

ANSWER: Admitted in part, denied in part. It is admitted that Pauciulo and Eckert formed STFG Income Fund, LLC. To the extent the averments of Paragraph 333 consist of legal conclusions, no response is required, and they are therefore denied. It is specifically denied that Pauciulo or Eckert caused the PPM to not make necessary disclosures. By way of further response, the PPMs disclosed numerous risk factors, such as that "[u]nderwriting and risk management efforts may not be effective" and "[o]ther regulatory risks." The PPMs also warned that "[i]nvestment in the notes involves a high degree of risk and is suitable only for persons of substantial financial resources who have no need for liquidity in their investment." Moreover, the PPMs stated that "[n]o 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." The PPMs also disclaimed any duty to update.

Case ID: 201200892

334. Accordingly, Nick and STFG relied on this false and misleading legal work prepared by Pauciulo and the Eckert Firm, in encouraging investors to invest in STFG which, in turn, invested in PAR Funding.

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to what Nick and STFG relied on, and therefore deny the same. It is specifically denied that Pauciulo and Eckert prepared false and misleading work.

335. Defendants failed to prepare necessary documentation to ensure that STFG would be compliant with all state and federal securities laws, and did not provide appropriate counsel regarding the offering, in the following ways:

(a) Providing false and inaccurate information regarding the legality of PAR Funding's operations;

ANSWER: Denied. To the extent the averments of Paragraph 335(a) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 335(a) are denied.

(b) Misrepresenting the safety and security of investing in PAR Funding;

ANSWER: Denied. To the extent the averments of Paragraph 335(b) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 335(b) are denied.

(c) Failing to disclose the criminal past of PAR Funding's principal, Joseph LaForte;

Case ID: 201200892

ANSWER: Denied. To the extent the averments of Paragraph 335(c) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 335(c) are denied.

(d) Failing to disclose a professional relationship to PAR Funding that created a conflict of interest in Defendants' representation of Plaintiffs in forming an Agent Fund to invest in PAR;

ANSWER: Denied. To the extent the averments of Paragraph 335(d) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 335(d) are denied.

(e) Encouraging Plaintiffs to invest in PAR and to solicit others to invest in PAR;

ANSWER: Denied. To the extent the averments of Paragraph 335(e) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 335(e) are denied.

(f) Failing to advise that the Agent Fund strategy may not be compliant with SEC Regulations;

ANSWER: Denied. To the extent the averments of Paragraph 335(f) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 335(f) are denied.

(g) Failing to properly draft a PPM; and

ANSWER: Denied. To the extent the averments of Paragraph 335(g) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 335(g) are denied.

Case ID: 201200892

(h) Failing and or refusing to provide advice and legal support to Plaintiffs, the Defendants' clients, when the assets of PAR Funding were seized by the government, and PAR Funding came under close legal scrutiny.

ANSWER: Denied. To the extent the averments of Paragraph 335(h) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 335(h) are denied.

336. As a result of Defendants' breach of contract, Plaintiffs suffered economic losses in an amount of $8,000,000, the amount of money STFG invested in PAR, excluding interest and fees paid to Eckert.

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to how much money STFG invested and therefore deny the same. To the extent the averments of Paragraph 336 consist of legal conclusions, no response is required, and they are therefore denied. It is specifically denied that Plaintiffs suffered losses as a result of Pauciulo's and Eckert's actions.

337. In addition, Plaintiffs suffered consequential damages including, but not limited to, counsel fees, the loss of use of their investment, lost profits and/or interest.

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to whether or how much Plaintiffs paid in counsel fees and therefore deny the same. To the extent the averments of Paragraph 337 consist of legal conclusions, no response is required, and they are therefore denied. It is specifically denied that Plaintiffs suffered losses as a result of Pauciulo's and Eckert's actions.

WHEREFORE, Defendants Pauciulo and Eckert request that judgment be entered in their favor and against Plaintiffs, Paul Nick and STFG Income Fund, LLC, dismissing the Complaint

Case ID: 201200892

with prejudice, together with costs, attorneys' fees, and such other and further relief as the Court deems just and proper.

COUNT XXIII - LEGAL MALPRACTICE (TORT)

Plaintiffs Dean Parker, Davis Parker, and RAZR MCA Fund, LLC v. Defendants

338. Plaintiffs incorporate paragraphs 1 through 95 as though set forth at length in this Count.

ANSWER: Pauciulo and Eckert incorporate Paragraphs 1 through 95 of this Answer as if fully set forth herein.

339. On or about, August 22, 2018, Dean Parker and Davis Parker retained the legal services of Pauciulo and the Eckert Firm to represent them in the creation of an Agent Fund to operate as an investment vehicle and to hold the securities or promissory notes from PAR Funding, as described in the facts section of this Complaint. A true and correct copy of the engagement letter is attached as Exhibit A.

ANSWER: Admitted in part, denied in part. It is admitted that on or about August 22, 2018, Dean Parker and Davis Parker (the "Parkers") retained the legal services of Pauciulo and Eckert. By way of further response, the Parkers' engagement was governed by a writing that speaks for itself, which Pauciulo and Eckert refer to for its terms. Any characterization of such writing is denied. To the extent the averments of Paragraph 339 are inconsistent with such writing and/or attempt to characterize such writing, the averments and/or characterizations are denied. It is denied that the investment funds sought individuals to invest in the purchase of a security that would be invested in PAR, specifically. The PPMs for the investment funds contemplated investments in merchant cash advance companies and stated that "[t]he 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'

Case ID: 201200892

financing." However, Plaintiffs' investment focus was on PAR, and upon information and belief, Plaintiffs conducted their own due diligence through meetings with representatives of PAR and review of materials from PAR as well as other direct or indirect communications with PAR.

340. As part of the representation, the Eckert Firm and Pauciulo were to form an Agent Fund that was legally compliant with all applicable banking or SEC regulations, including SEC Regulation D, and to prepare all necessary Fund formation documents, as well as the investor statements and other documents that would be legally required, including a PPM.

ANSWER: To the extent the averments of Paragraph 340 refer to or rely on writings, such writings speak for themselves, Pauciulo and Eckert refer to such writings for their terms and any characterization of such writings is denied. To the extent the averments of Paragraph 340 are inconsistent with such writings and/or attempt to characterize such writings, the averments and/or characterizations are denied. By way of further response, the legal services to be provided were set forth in engagement letters and included the following: (i) the formation of a Delaware limited liability company; (ii) the preparation of a PPM to be used in connection with the offering of ownership interests in the fund; (iii) 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 (iv) counseling with respect to conducting the offering. The PPMs and related legal services rendered to each Plaintiff were consistent with the scope of the engagement.

341. In or around August 23, 2018, Dean Parker and Davis Parker, through the legal assistance of the Eckert Firm and Pauciulo (or other attorneys under Pauciulo's direction and supervision), formed RAZR.

Case ID: 201200892

ANSWER: Admitted.

342. At all relevant times, Pauciulo knew, or should have known based on discussions or other communications from the Parkers, that the Agent Fund was being formed specifically to invest in PAR Funding.

ANSWER: Denied as stated. It is admitted that Pauciulo knew that the investment fund was being formed to invest in PAR, but the investment decision ultimately rested with each Plaintiff and the management company. To the extent the averments of Paragraph 342 refer to writings, such writings speak for themselves and Pauciulo and Eckert refer to such writings for their terms and deny any characterization of such writings. To the extent the averments of Paragraph 342 are inconsistent with such writings and/or attempt to characterize such writings, the averments and/or characterizations are denied.

343. Pauciulo, and others working with him at the Eckert Firm, formed RAZR MCA Fund, LLC, and prepared a PPM that did not make necessary disclosures. At no time did Pauciulo, or any other Eckert attorney, advise RAZR or the Parkers that it was necessary to amend the PPM to make disclosures about the risks of investing in PAR, although Pauciulo knew or should have known of those risks.

ANSWER: Admitted in part, denied in part. It is admitted that Pauciulo and Eckert formed RAZR MCA Fund, LLC. To the extent the averments of Paragraph 343 consist of legal conclusions, no response is required, and they are therefore denied. It is specifically denied that Pauciulo or Eckert caused the PPM to not make necessary disclosures. By way of further response, the PPMs disclosed numerous risk factors, such as that "[u]nderwriting and risk management efforts may not be effective" and "[o]ther regulatory risks." The PPMs also warned that "[i]nvestment in the notes involves a high degree of risk and is suitable only for persons of

Case ID: 201200892

substantial financial resources who have no need for liquidity in their investment." Moreover, the PPMs stated that "[n]o 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." The PPMs also disclaimed any duty to update.

344. Accordingly, the Parkers and RAZR relied on this false and misleading legal work prepared by Pauciulo and the Eckert Firm, in encouraging investors to invest in RAZR which, in turn, invested in PAR Funding.

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to what the Parkers and RAZR relied on, and therefore deny the same. It is specifically denied that Pauciulo and Eckert prepared false and misleading work.

345. Defendants were reckless, careless, and negligent when representing Plaintiffs, both generally and in the following specific ways:

(a) Providing false and inaccurate information regarding the legality of PAR Funding's operations;

ANSWER: Denied. To the extent the averments of Paragraph 345(a) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 345(a) are denied.

Case ID: 201200892

(b) Misrepresenting the safety and security of investing in PAR Funding in live and pre-recorded messages from Pauciulo, and in written materials prepared by him and/or the Eckert Firm;

ANSWER: Denied. To the extent the averments of Paragraph 345(b) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 345(b) are denied.

(c) Failing to disclose the criminal past of PAR Funding's principal, Joseph LaForte;

ANSWER: Denied. To the extent the averments of Paragraph 345(c) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 345(c) are denied.

(d) Failing to disclose a professional relationship to PAR Funding that created a conflict of interest in Defendants' representation of Plaintiffs in forming an Agency Fund to invest in PAR;

ANSWER: Denied. To the extent the averments of Paragraph 345(d) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 345(d) are denied.

(e) Encouraging Plaintiffs to invest in PAR and to solicit others to invest in PAR by, among other ways, referring to Pauciulo's decades of experience as an attorney for the SEC before his time began at Eckert;

ANSWER: Denied. To the extent the averments of Paragraph 345(e) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 345(e) are denied.

Case ID: 201200892

(f) Failing to advise that the Agent Fund strategy may not be compliant with SEC Regulations;

ANSWER: Denied. To the extent the averments of Paragraph 345(f) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 345(f) are denied.

(g) Failing to properly draft a PPM; and

ANSWER: Denied. To the extent the averments of Paragraph 345(g) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 345(g) are denied.

(h) Failing and or refusing to provide advice and legal support to Plaintiffs, the Defendants' clients, when the assets of PAR Funding were seized by the government, and PAR Funding came under close legal scrutiny.

ANSWER: Denied. To the extent the averments of Paragraph 345(h) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 345(h) are denied.

346. As a result of Defendants' actions and omissions, Plaintiffs suffered economic losses in an amount of $987,300.32, the amount of money RAZR invested in PAR, excluding interest, and in excess of $2,100,000, the amount the Parkers directly invested into PAR or into PAR through another fund. Plaintiffs also paid the Eckert Firm $17,000 in legal fees.

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to how much RAZR or the Parkers invested and therefore deny the same. To the extent the averments of Paragraph 346 consist of legal

Case ID: 201200892

conclusions, no response is required, and they are therefore denied. It is specifically denied that Plaintiffs suffered losses as a result of Pauciulo's and Eckert's actions.

347. In addition, Plaintiffs suffered additional losses including, but not limited to, counsel fees related to the SEC investigation and expended to defend against claims from investors, as well as the loss of use of their investment.

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to whether or how much Plaintiffs paid in counsel fees related to the SEC investigation or their defense against claims from their investors and therefore deny the same. It is specifically denied that Plaintiffs suffered losses as a result of Pauciulo's and Eckert's actions.

WHEREFORE, Defendants Pauciulo and Eckert request that judgment be entered in their favor and against Plaintiffs Dean Parker, Davis Parker, and RAZR MCA Fund, LLC, dismissing the Complaint with prejudice, together with costs, attorneys' fees, and such other and further relief as the Court deems just and proper.

COUNT XXIV- LEGAL MALPRACTICE (CONTRACT)

Plaintiffs Dean Parker, Davis Parker, and RAZR MCA Fund, LLC v. Defendants

348. Plaintiffs incorporate paragraphs 1 through 95 as though set forth at length in this Count.

ANSWER: Pauciulo and Eckert incorporate Paragraphs 1 through 95 of this Answer as if fully set forth herein.

349. On or about, August 22, 2018, Dean Parker and Davis Parker retained the legal services of Pauciulo and the Eckert Firm to represent them in the creation of an Agent Fund to operate as an investment vehicle and to hold the securities or promissory notes from PAR

Case ID: 201200892

Funding, as described in the facts section of this Complaint. A true and correct copy of the engagement letter is attached as Exhibit A.

ANSWER: Admitted in part, denied in part. It is admitted that on or about August 22, 2018, the Parkers retained the legal services of Pauciulo and Eckert. By way of further response, the Parkers' engagement was governed by a writing that speaks for itself, which Pauciulo and Eckert refer to for its terms. Any characterization of such writing is denied. To the extent the averments of Paragraph 349 are inconsistent with such writing and/or attempt to characterize such writing, the averments and/or characterizations are denied. It is denied that the investment funds sought individuals to invest in the purchase of a security that would be invested in PAR, specifically. The PPMs for the investment funds contemplated investments in merchant cash advance companies and stated that "[t]he 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." However, Plaintiffs' investment focus was on PAR, and upon information and belief, Plaintiffs conducted their own due diligence through meetings with representatives of PAR and review of materials from PAR as well as other direct or indirect communications with PAR.

350. As part of the representation, the Eckert Firm and Pauciulo were to form an Agent Fund that was legally compliant with all applicable banking or SEC regulations, including SEC Regulation D, and to prepare all necessary Fund formation documents, as well as the investor statements and other documents that would be legally required, including a PPM.

ANSWER: To the extent the averments of Paragraph 350 refer to or rely on writings, such writings speak for themselves, Pauciulo and Eckert refer to such writings for their terms and any characterization of such writings is denied. To the extent the averments of

Case ID: 201200892

Paragraph 350 are inconsistent with such writings and/or attempt to characterize such writings, the averments and/or characterizations are denied. By way of further response, the legal services to be provided were set forth in engagement letters and included the following: (i) the formation of a Delaware limited liability company; (ii) the preparation of a PPM to be used in connection with the offering of ownership interests in the fund; (iii) 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 (iv) counseling with respect to conducting the offering. The PPMs and related legal services rendered to each Plaintiff were consistent with the scope of the engagement.

351. In or around August 23, 2018, the Parkers, through the legal assistance of the Eckert Firm and Pauciulo (or other attorneys under Pauciulo's direction and supervision), formed RAZR MCA Fund, LLC.

ANSWER: Admitted.

352. In the engagement agreement, the Eckert Firm and Pauciulo expressly agreed that the representation necessarily would include: "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 "counseling with respect to the offering."

ANSWER: To the extent the averments of Paragraph 352 refer to or rely on writings, such writings speak for themselves, Pauciulo and Eckert refer to such writings for their terms and any characterization of such writings is denied. To the extent the averments of Paragraph 352 are inconsistent with such writings and/or attempt to characterize such writings, the averments and/or characterizations are denied.

Case ID: 201200892

353. The Eckert Firm and Pauciulo failed to discharge these express contractual obligations.

ANSWER: Denied. To the extent the averments of Paragraph 353 consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 353 are denied.

354. Moreover, the Eckert Firm and Pauciulo failed to provide legal services that were consistent with legal industry standards, which is an implied promise in every legal engagement.

ANSWER: Denied. To the extent the averments of Paragraph 354 consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 354 are denied.

355. Pauciulo, and others working with him at the Eckert Firm, formed RAZR MCA Fund, LLC, and prepared a PPM that did not make necessary disclosures. At no time did Pauciulo, or any attorney from the Eckert Firm, advise RAZR or the Parkers that it was necessary to amend the PPM to make disclosures about the risks of investing in PAR, although Pauciulo knew or should have known of those risks.

ANSWER: Admitted in part, denied in part. It is admitted that Pauciulo and Eckert formed RAZR MCA Fund, LLC. To the extent the averments of Paragraph 355 consist of legal conclusions, no response is required, and they are therefore denied. It is specifically denied that Pauciulo or Eckert caused the PPM to not make necessary disclosures. By way of further response, the PPMs disclosed numerous risk factors, such as that "[u]nderwriting and risk management efforts may not be effective" and "[o]ther regulatory risks." The PPMs also warned that "[i]nvestment in the notes involves a high degree of risk and is suitable only for persons of substantial financial resources who have no need for liquidity in their investment." Moreover,

Case ID: 201200892

the PPMs stated that "[n]o 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." The PPMs also disclaimed any duty to update.

356. Accordingly, the Parkers and RAZR relied on this false and misleading legal work prepared by Pauciulo and the Eckert Firm, in encouraging investors to invest in RAZR which, in turn, invested in PAR Funding.

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to what the Parkers and RAZR relied on, and therefore deny the same. It is specifically denied that Pauciulo and Eckert prepared false and misleading work.

357. Defendants failed to prepare necessary documentation to ensure that RAZR would be compliant with all state and federal securities laws, and did not provide appropriate counsel regarding the offering, in the following ways:

(a) Providing false and inaccurate information regarding the legality of PAR Funding's operations;

ANSWER: Denied. To the extent the averments of Paragraph 357(a) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 357(a) are denied.

Case ID: 201200892

(b) Misrepresenting the safety and security of investing in PAR Funding in live and pre-recorded messages from Pauciulo, and in written materials prepared by him and/or the Eckert Firm;

ANSWER: Denied. To the extent the averments of Paragraph 357(b) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 357(b) are denied.

(c) Failing to disclose the criminal past of PAR Funding's principal, Joseph LaForte;

ANSWER: Denied. To the extent the averments of Paragraph 357(c) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 357(c) are denied.

(d) Failing to disclose a professional relationship to PAR Funding that created a conflict of interest in Defendants' representation of Plaintiffs in forming an Agency Fund to invest in PAR;

ANSWER: Denied. To the extent the averments of Paragraph 357(d) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 357(d) are denied.

(e) Encouraging Plaintiffs to invest in PAR and to solicit others to invest in PAR by, among other ways, referring to Pauciulo's decades of experience as an attorney for the SEC before his time began at Eckert;

ANSWER: Denied. To the extent the averments of Paragraph 357(e) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 357(e) are denied.

Case ID: 201200892

(f) Failing to advise that the Agent Fund strategy may not be compliant with SEC Regulations;

ANSWER: Denied. To the extent the averments of Paragraph 357(f) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 357(f) are denied.

(g) Failing to properly draft a PPM; and

ANSWER: Denied. To the extent the averments of Paragraph 357(g) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 357(g) are denied.

(h) Failing and or refusing to provide advice and legal support to Plaintiffs, the Defendants' clients, when the assets of PAR Funding were seized by the government, and PAR Funding came under close legal scrutiny.

ANSWER: Denied. To the extent the averments of Paragraph 357(h) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 357(h) are denied.

358. As a result of Defendants' breach of contract, Plaintiffs suffered economic losses in an amount of $987,300.32, the amount of money RAZR invested in PAR, excluding interest, and the approximately $2,100,000 the Parkers invested in PAR directly or through other funds. Plaintiffs also paid the Eckert Firm $17,000 in legal fees.

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to how much money RAZR or the Parkers invested and therefore deny the same. To the extent the averments of Paragraph 358 consist of

Case ID: 201200892

legal conclusions, no response is required, and they are therefore denied. It is specifically denied that Plaintiffs suffered losses as a result of Pauciulo's and Eckert's actions.

359. In addition, Plaintiffs suffered consequential damages including, but not limited to, counsel fees, the loss of use of their investment, lost profits and/or interest.

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to whether or how much Plaintiffs paid in counsel fees and therefore deny the same. To the extent the averments of Paragraph 359 consist of legal conclusions, no response is required, and they are therefore denied. It is specifically denied that Plaintiffs suffered losses as a result of Pauciulo's and Eckert's actions.

WHEREFORE, Defendants Pauciulo and Eckert request that judgment be entered in their favor and against Plaintiffs Dean Parker, Davis Parker, and RAZR MCA Fund, LLC, dismissing the Complaint with prejudice, together with costs, attorneys' fees, and such other and further relief as the Court deems just and proper.

COUNT XXV - LEGAL MALPRACTICE (TORT)

Plaintiffs Daniel Reisinger and Mariner MCA Income Fund, LLC v. Defendants

360. Plaintiffs incorporate paragraphs 1 through 95 as though set forth at length in this Count.

ANSWER: Pauciulo and Eckert incorporate Paragraphs 1 through 95 of this Answer as if fully set forth herein.

361. On or about, March 1, 2018, Reisinger, at the direction of Vagnozzi, retained the legal services of Pauciulo and the Eckert Firm to represent him in the creation of an Agent Fund to operate as an investment vehicle and to hold the securities or promissory notes from PAR Funding, as described in the facts section of this Complaint. A true and correct copy of the engagement letter is attached as Exhibit A.

Case ID: 201200892

ANSWER: Admitted in part, denied in part. It is admitted that on or about March 1, 2018, Reisinger retained the legal services of Pauciulo and Eckert. By way of further response, Reisinger's engagement was governed by a writing that speaks for itself, which Pauciulo and Eckert refer to for its terms. Any characterization of such writing is denied. To the extent the averments of Paragraph 361 are inconsistent with such writing and/or attempt to characterize such writing, the averments and/or characterizations are denied. It is denied that the investment funds sought individuals to invest in the purchase of a security that would be invested in PAR, specifically. The PPMs for the investment funds contemplated investments in merchant cash advance companies and stated that "[t]he 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." However, Plaintiffs' investment focus was on PAR, and upon information and belief, Plaintiffs conducted their own due diligence through meetings with representatives of PAR and review of materials from PAR as well as other direct or indirect communications with PAR.

362. As part of the representation, the Eckert Firm and Pauciulo were to form an Agent Fund that was legally compliant with all applicable banking or SEC regulations, including SEC Regulation D, and to prepare all necessary Fund formation documents, as well as the investor statements and other documents that would be legally required, including a PPM.

ANSWER: To the extent the averments of Paragraph 362 refer to or rely on writings, such writings speak for themselves, Pauciulo and Eckert refer to such writings for their terms and any characterization of such writings is denied. To the extent the averments of Paragraph 362 are inconsistent with such writings and/or attempt to characterize such writings, the averments and/or characterizations are denied. By way of further response, the legal services

Case ID: 201200892

to be provided were set forth in engagement letters and included the following: (i) the formation of a Delaware limited liability company; (ii) the preparation of a PPM to be used in connection with the offering of ownership interests in the fund; (iii) 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 (iv) counseling with respect to conducting the offering. The PPMs and related legal services rendered to each Plaintiff were consistent with the scope of the engagement.

363. In or around March 20, 2018, Reisinger, through the legal assistance of the Eckert Firm and Pauciulo (or other attorneys under Pauciulo's direction and supervision), formed Mariner.

ANSWER: Admitted.

364. At all relevant times, Pauciulo knew, or should have known based on discussions or other communications from Reisinger, that the Agent Fund was being formed specifically to invest in PAR Funding.

ANSWER: Denied as stated. It is admitted that Pauciulo knew that the investment fund was being formed to invest in PAR, but the investment decision ultimately rested with each Plaintiff and the management company. To the extent the averments of Paragraph 364 refer to writings, such writings speak for themselves and Pauciulo and Eckert refer to such writings for their terms and deny any characterization of such writings. To the extent the averments of Paragraph 364 are inconsistent with such writings and/or attempt to characterize such writings, the averments and/or characterizations are denied.

365. Pauciulo, and others working with him at the Eckert Firm, formed Mariner MCA Investment Fund, LLC, and prepared a PPM that did not make necessary disclosures. At no time

Case ID: 201200892

did Pauciulo, or any other Eckert attorney, advise Mariner or Reisinger that it was necessary to amend the PPM to make disclosures about the risks of investing in PAR, although Pauciulo knew or should have known of those risks.

ANSWER: Admitted in part, denied in part. It is admitted that Pauciulo and Eckert formed Mariner. To the extent the averments of Paragraph 365 consist of legal conclusions, no response is required, and they are therefore denied. It is specifically denied that Pauciulo or Eckert caused the PPM to not make necessary disclosures. By way of further response, the PPMs disclosed numerous risk factors, such as that "[u]nderwriting and risk management efforts may not be effective" and "[o]ther regulatory risks." The PPMs also warned that "[i]nvestment in the notes involves a high degree of risk and is suitable only for persons of substantial financial resources who have no need for liquidity in their investment." Moreover, the PPMs stated that "[n]o 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." The PPMs also disclaimed any duty to update.

366. Accordingly, Reisinger and Mariner relied on this false and misleading legal work prepared by Pauciulo and the Eckert Firm, in encouraging investors to invest in Mariner which, in turn, invested in PAR Funding.

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to what Reisinger and Mariner relied on, and

Case ID: 201200892

therefore deny the same. It is specifically denied that Pauciulo and Eckert prepared false and misleading work.

367. Defendants were reckless, careless, and negligent when representing Plaintiffs, both generally and in the following specific ways:

(a) Providing false and inaccurate information regarding the legality of PAR Funding's operations;

ANSWER: Denied. To the extent the averments of Paragraph 367(a) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 367(a) are denied.

(b) Misrepresenting the safety and security of investing in PAR Funding;

ANSWER: Denied. To the extent the averments of Paragraph 367(b) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 367(b) are denied.

(c) Failing to disclose the criminal past of PAR Funding's principal, Joseph LaForte;

ANSWER: Denied. To the extent the averments of Paragraph 367(c) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 367(c) are denied.

(d) Failing to disclose a professional relationship to PAR Funding that created a conflict of interest in Defendants' representation of Plaintiffs in forming an Agency Fund to invest in PAR;

Case ID: 201200892

ANSWER: Denied. To the extent the averments of Paragraph 367(d) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 367(d) are denied.

(e) Encouraging Plaintiffs to invest in PAR and to solicit others to invest in PAR;

ANSWER: Denied. To the extent the averments of Paragraph 367(e) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 367(e) are denied.

(f) Failing to advise that the Agent Fund strategy may not be compliant with SEC Regulations;

ANSWER: Denied. To the extent the averments of Paragraph 367(f) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 367(f) are denied.

(g) Failing to properly draft a PPM; and

ANSWER: Denied. To the extent the averments of Paragraph 367(g) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 367(g) are denied.

(h) Failing and or refusing to provide advice and legal support to Plaintiffs, the Defendants' clients, when the assets of PAR Funding were seized by the government, and PAR Funding came under close legal scrutiny.

ANSWER: Denied. To the extent the averments of Paragraph 367(h) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 367(h) are denied.

Case ID: 201200892

368. As a result of Defendants' actions and omissions, Plaintiffs suffered economic losses in an amount of $3,231,000, the amount of money Mariner invested in PAR, excluding interest and fees paid to Eckert.

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to how much money Mariner invested and therefore deny the same. To the extent the averments of Paragraph 368 consist of legal conclusions, no response is required, and they are therefore denied. It is specifically denied that Plaintiffs suffered losses as a result of Pauciulo's and Eckert's actions.

369. In addition, Plaintiffs suffered additional losses including, but not limited to, counsel fees related to the SEC investigation and expended to defend against claims from investors, as well as the loss of use of their investment.

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to whether or how much Plaintiffs paid in counsel fees related to the SEC investigation or their defense against claims from their investors and therefore deny the same. It is specifically denied that Plaintiffs suffered losses as a result of Pauciulo's and Eckert's actions.

WHEREFORE, Defendants Pauciulo and Eckert request that judgment be entered in their favor and against Plaintiffs Daniel Reisinger and Mariner MCA Income Fund, LLC, dismissing the Complaint with prejudice, together with costs, attorneys' fees, and such other and further relief as the Court deems just and proper.

COUNT XXVI - LEGAL MALPRACTICE (CONTRACT)

Plaintiffs Daniel Reisinger and Mariner MCA Income Fund, LLC v. Defendants

370. Plaintiffs incorporate paragraphs 1 through 95 as though set forth at length in this Count.

Case ID: 201200892

ANSWER: Pauciulo and Eckert incorporate Paragraphs 1 through 95 of this Answer as if fully set forth herein.

371. On or about March 1, 2018, Reisinger, at the direction of Vagnozzi, retained the legal services of Pauciulo and the Eckert Firm to represent him in the creation of an Agency Fund to operate as an investment vehicle and to hold the securities or promissory notes from PAR Funding, as described in the facts section of this Complaint. A true and correct copy of the engagement letter is attached as Exhibit A.

ANSWER: Admitted in part, denied in part. It is admitted that on or about March 1, 2018, Reisinger retained the legal services of Pauciulo and Eckert. By way of further response, Reisinger's engagement was governed by a writing that speaks for itself, which Pauciulo and Eckert refer to for its terms. Any characterization of such writing is denied. To the extent the averments of Paragraph 371 are inconsistent with such writing and/or attempt to characterize such writing, the averments and/or characterizations are denied. It is denied that the investment funds sought individuals to invest in the purchase of a security that would be invested in PAR, specifically. The PPMs for the investment funds contemplated investments in merchant cash advance companies and stated that "[t]he 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." However, Plaintiffs' investment focus was on PAR, and upon information and belief, Plaintiffs conducted their own due diligence through meetings with representatives of PAR and review of materials from PAR as well as other direct or indirect communications with PAR.

372. As part of the representation, the Eckert Firm and Pauciulo were to form an Agency Fund that was legally compliant with all applicable banking or SEC regulations,

Case ID: 201200892

including SEC Regulation D, and to prepare all necessary Fund formation document, as well as the investor statements and other documents that would be legally required, including a PPM.

ANSWER: To the extent the averments of Paragraph 372 refer to or rely on writings, such writings speak for themselves, Pauciulo and Eckert refer to such writings for their terms and any characterization of such writings is denied. To the extent the averments of Paragraph 372 are inconsistent with such writings and/or attempt to characterize such writings, the averments and/or characterizations are denied. By way of further response, the legal services to be provided were set forth in engagement letters and included the following: (i) the formation of a Delaware limited liability company; (ii) the preparation of a PPM to be used in connection with the offering of ownership interests in the fund; (iii) 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 (iv) counseling with respect to conducting the offering. The PPMs and related legal services rendered to each Plaintiff were consistent with the scope of the engagement.

373. In or around March 20, 2018, Reisinger, through the legal assistance of the Eckert Firm and Pauciulo (or other attorneys under Pauciulo's direction and supervision), formed Mariner.

ANSWER: Admitted.

374. In the engagement agreement, the Eckert Firm and Pauciulo expressly agreed that the representation necessarily would include: "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 "counseling with respect to the offering."

Case ID: 201200892

ANSWER: To the extent the averments of Paragraph 374 refer to or rely on writings, such writings speak for themselves, Pauciulo and Eckert refer to such writings for their terms and any characterization of such writings is denied. To the extent the averments of Paragraph 374 are inconsistent with such writings and/or attempt to characterize such writings, the averments and/or characterizations are denied.

375. The Eckert Firm and Pauciulo failed to discharge these express contractual obligations.

ANSWER: Denied. To the extent the averments of Paragraph 375 consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 375 are denied.

376. Moreover, the Eckert Firm and Pauciulo failed to provide legal services that were consistent with legal industry standards, which is an implied promise in every legal engagement.

ANSWER: Denied. To the extent the averments of Paragraph 376 consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 376 are denied.

377. Pauciulo. and others working with him at the Eckert Firm, formed the Mariner MCA Income Fund, LLC, and prepared a PPM that did not make necessary disclosures. At no time did Pauciulo, or any attorney from the Eckert Firm, advise Mariner or Reisinger that it was necessary to amend the PPM to make disclosures about the risks of investing in PAR, although Pauciulo knew or should have known of those risks.

ANSWER: Admitted in part, denied in part. It is admitted that Pauciulo and Eckert formed Mariner. To the extent the averments of Paragraph 377 consist of legal conclusions, no response is required, and they are therefore denied. It is specifically denied that

Case ID: 201200892

Pauciulo or Eckert caused the PPM to not make necessary disclosures. By way of further response, the PPMs disclosed numerous risk factors, such as that "[u]nderwriting and risk management efforts may not be effective" and "[o]ther regulatory risks." The PPMs also warned that "[i]nvestment in the notes involves a high degree of risk and is suitable only for persons of substantial financial resources who have no need for liquidity in their investment." Moreover, the PPMs stated that "[n]o 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." The PPMs also disclaimed any duty to update.

378. Accordingly, Reisinger and Mariner relied on this false and misleading legal work prepared by Pauciulo and the Eckert Firm, in encouraging investors to invest in Mariner which, in turn, invested in PAR Funding.

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to what Reisinger and Mariner relied on, and therefore deny the same. It is specifically denied that Pauciulo and Eckert prepared false and misleading work.

379. Defendants failed to prepare necessary documentation to ensure that Mariner would be compliant with all state and federal securities laws, and did not provide appropriate counsel regarding the offering, in the following ways:

(a) Providing false and inaccurate information regarding the legality of PAR Funding's operations;

Case ID: 201200892

ANSWER: Denied. To the extent the averments of Paragraph 379(a) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 379(a) are denied.

(b) Misrepresenting the safety and security of investing in PAR Funding;

ANSWER: Denied. To the extent the averments of Paragraph 379(b) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 379(b) are denied.

(c) Failing to disclose the criminal past of PAR Funding's principal, Joseph LaForte;

ANSWER: Denied. To the extent the averments of Paragraph 379(c) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 379(c) are denied.

(d) Failing to disclose a professional relationship to PAR Funding that created a conflict of interest in Defendants' representation of Plaintiffs in forming an Agent Fund to invest in PAR;

ANSWER: Denied. To the extent the averments of Paragraph 379(d) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 379(d) are denied.

(e) Encouraging Plaintiffs to invest in PAR and to solicit others to invest in PAR;

Case ID: 201200892

ANSWER: Denied. To the extent the averments of Paragraph 379(e) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 379(e) are denied.

(f) Failing to advise that the Agent Fund strategy may not be compliant with SEC Regulations;

ANSWER: Denied. To the extent the averments of Paragraph 379(f) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 379(f) are denied.

(g) Failing to properly draft a PPM; and

ANSWER: Denied. To the extent the averments of Paragraph 379(g) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 379(g) are denied.

(h) Failing and or refusing to provide advice and legal support to Plaintiffs, the Defendants' clients, when the assets of PAR Funding were seized by the government, and PAR Funding came under close legal scrutiny.

ANSWER: Denied. To the extent the averments of Paragraph 379(h) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 379(h) are denied.

380. As a result of Defendants' breach of contract, Plaintiffs suffered economic losses in an amount of $3,231,000, the amount of money Mariner invested in PAR, excluding interest and fees paid to Eckert.

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to how much money Mariner invested and

Case ID: 201200892

therefore deny the same. To the extent the averments of Paragraph 380 consist of legal conclusions, no response is required, and they are therefore denied. It is specifically denied that Plaintiffs suffered losses as a result of Pauciulo's and Eckert's actions.

381. In addition, Plaintiffs suffered consequential damages including, but not limited to, counsel fees, the loss of use of their investment, lost profits and/or interest.

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to whether or how much Plaintiffs paid in counsel fees and therefore deny the same. To the extent the averments of Paragraph 381 consist of legal conclusions, no response is required, and they are therefore denied. It is specifically denied that Plaintiffs suffered losses as a result of Pauciulo's and Eckert's actions.

WHEREFORE, Defendants Pauciulo and Eckert request that judgment be entered in their favor and against Plaintiffs Daniel Reisinger and Mariner MCA Income Fund, LLC, dismissing the Complaint with prejudice, together with costs, attorneys' fees, and such other and further relief as the Court deems just and proper.

COUNT XXVII - LEGAL MALPRACTICE (TORT)

Plaintiffs Philip Sharpton and MCA Carolina Income Fund, LLC v. Defendants

382. Plaintiffs incorporate paragraphs 1 through 95 as though set forth at length in this Count.

ANSWER: Pauciulo and Eckert incorporate Paragraphs 1 through 95 of this Answer as if fully set forth herein.

383. On or about May 16, 2019, Sharpton retained the legal services of Pauciulo and the Eckert Firm to represent him in the creation of an Agent Fund to operate as an investment vehicle and to hold the securities or promissory notes from PAR Funding, as described in the

Case ID: 201200892

facts section of this Complaint. A true and correct copy of the engagement letter is attached as Exhibit A.

ANSWER: Admitted in part, denied in part. It is admitted that on or about May 16, 2019, Sharpton retained the legal services of Pauciulo and Eckert. By way of further response, Sharpton's engagement was governed by a writing that speaks for itself, which Pauciulo and Eckert refer to for its terms. Any characterization of such writing is denied. To the extent the averments of Paragraph 383 are inconsistent with such writing and/or attempt to characterize such writing, the averments and/or characterizations are denied. It is denied that the investment funds sought individuals to invest in the purchase of a security that would be invested in PAR, specifically. The PPMs for the investment funds contemplated investments in merchant cash advance companies and stated that "[t]he 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." However, Plaintiffs' investment focus was on PAR, and upon information and belief, Plaintiffs conducted their own due diligence through meetings with representatives of PAR and review of materials from PAR as well as other direct or indirect communications with PAR.

384. As part of the representation, the Eckert Firm and Pauciulo were to form an Agency Fund that was legally compliant with all applicable banking or SEC regulations, including SEC Regulation D, and to prepare all necessary Fund formation documents, as well as the investor statements and other documents that would be legally required, including a PPM.

ANSWER: To the extent the averments of Paragraph 384 refer to or rely on writings, such writings speak for themselves, Pauciulo and Eckert refer to such writings for their terms and any characterization of such writings is denied. To the extent the averments of

Case ID: 201200892

Paragraph 384 are inconsistent with such writings and/or attempt to characterize such writings, the averments and/or characterizations are denied. By way of further response, the legal services to be provided were set forth in engagement letters and included the following: (i) the formation of a Delaware limited liability company; (ii) the preparation of a PPM to be used in connection with the offering of ownership interests in the fund; (iii) 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 (iv) counseling with respect to conducting the offering. The PPMs and related legal services rendered to each Plaintiff were consistent with the scope of the engagement.

385. In or around June 28, 2019, Sharpton, through the legal assistance of the Eckert Firm and Pauciulo (or other attorneys under Pauciulo's direction and supervision), formed Carolina Income.

ANSWER: Admitted.

386. At all relevant times, Pauciulo knew, or should have known based on discussions or other communications from Sharpton, that the Agency Fund was being formed specifically to invest in PAR Funding.

ANSWER: Denied as stated. It is admitted that Pauciulo knew that the investment fund was being formed to invest in PAR, but the investment decision ultimately rested with each Plaintiff and the management company. To the extent the averments of Paragraph 386 refer to writings, such writings speak for themselves and Pauciulo and Eckert refer to such writings for their terms and deny any characterization of such writings. To the extent the averments of Paragraph 386 are inconsistent with such writings and/or attempt to characterize such writings, the averments and/or characterizations are denied.

Case ID: 201200892

387. Pauciulo, and others working with him at the Eckert Firm, formed MCA Carolina Income Fund, LLC, and prepared a PPM that did not make necessary disclosures. At no time did Pauciulo, or any other Eckert attorney, advise Carolina Income or Sharpton that it was necessary to amend the PPM to make disclosures about the risks of investing in PAR, although Pauciulo knew or should have known of those risks.

ANSWER: Admitted in part, denied in part. It is admitted that Pauciulo and Eckert formed MCA Carolina Income Fund, LLC. To the extent the averments of Paragraph 387 consist of legal conclusions, no response is required, and they are therefore denied. It is specifically denied that Pauciulo or Eckert caused the PPM to not make necessary disclosures. By way of further response, the PPMs disclosed numerous risk factors, such as that "[u]nderwriting and risk management efforts may not be effective" and "[o]ther regulatory risks." The PPMs also warned that "[i]nvestment in the notes involves a high degree of risk and is suitable only for persons of substantial financial resources who have no need for liquidity in their investment." Moreover, the PPMs stated that "[n]o 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." The PPMs also disclaimed any duty to update.

388. Accordingly, Sharpton and Carolina Income relied on this false and misleading legal work prepared by Pauciulo and the Eckert Firm, in encouraging investors to invest in Carolina Income which, in turn, invested in PAR Funding.

Case ID: 201200892

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to what Sharpton and Carolina Income relied on, and therefore deny the same. It is specifically denied that Pauciulo and Eckert prepared false and misleading work.

389. Defendants were reckless, careless, and negligent when representing Plaintiffs, both generally and in the following specific ways:

(a) Providing false and inaccurate information regarding the legality of PAR Funding's operations;

ANSWER: Denied. To the extent the averments of Paragraph 389(a) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 389(a) are denied.

(b) Misrepresenting the safety and security of investing in PAR Funding;

ANSWER: Denied. To the extent the averments of Paragraph 389(b) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 389(b) are denied.

(c) Failing to disclose the criminal past of PAR Funding's principal, Joseph LaForte;

ANSWER: Denied. To the extent the averments of Paragraph 389(c) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 389(c) are denied.

Case ID: 201200892

(d) Failing to disclose a professional relationship to PAR Funding that created a conflict of interest in Defendants' representation of Plaintiffs in forming an Agent Fund to invest in PAR;

ANSWER: Denied. To the extent the averments of Paragraph 389(d) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 389(d) are denied.

(e) Encouraging Plaintiffs to invest in PAR and to solicit others to invest in PAR;

ANSWER: Denied. To the extent the averments of Paragraph 389(e) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 389(e) are denied.

(f) Failing to advise that the Agent Fund strategy may not be compliant with SEC Regulations;

ANSWER: Denied. To the extent the averments of Paragraph 389(f) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 389(f) are denied.

(g) Failing to properly draft a PPM; and

ANSWER: Denied. To the extent the averments of Paragraph 389(g) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 389(g) are denied.

(h) Failing and or refusing to provide advice and legal support to Plaintiffs, the Defendants' clients, when the assets of PAR Funding were seized by the government, and PAR Funding came under close legal scrutiny.

Case ID: 201200892

ANSWER: Denied. To the extent the averments of Paragraph 389(h) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 389(h) are denied.

390. As a result of Defendants' actions and omissions, Plaintiffs suffered economic losses in an amount of $215,000, the amount of money Carolina Income invested in PAR, excluding interest, and $15,000, the amount of money Sharpton invested in Carolina Income, also excluding interest and fees paid to Eckert.

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to how much money Carolina Income or Sharpton invested and therefore deny the same. To the extent the averments of Paragraph 390 consist of legal conclusions, no response is required, and they are therefore denied. It is specifically denied that Plaintiffs suffered losses as a result of Pauciulo's and Eckert's actions.

391. In addition, Plaintiffs suffered additional losses including, but not limited to, counsel fees related to the SEC investigation and expended to defend against claims from investors, as well as the loss of use of their investment.

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to whether or how much Plaintiffs paid in counsel fees related to the SEC investigation or their defense against claims from their investors and therefore deny the same. It is specifically denied that Plaintiffs suffered losses as a result of Pauciulo's and Eckert's actions.

WHEREFORE, Defendants Pauciulo and Eckert request that judgment be entered in their favor and against Plaintiffs Philip Sharpton and MCA Carolina Income Fund, LLC, dismissing

Case ID: 201200892

the Complaint with prejudice, together with costs, attorneys' fees, and such other and further relief as the Court deems just and proper.

COUNT XXVIII - LEGAL MALPRACTICE (CONTRACT)

Plaintiffs Philip Sharpton and MCA Carolina Income Fund, LLC v. Defendants

392. Plaintiffs incorporate paragraphs 1 through 95 as though set forth at length in this Count.

ANSWER: Pauciulo and Eckert incorporate Paragraphs 1 through 95 of this Answer as if fully set forth herein.

393. On or about May 16, 2019, Sharpton retained the legal services of Pauciulo and the Eckert Firm to represent him in the creation of an Agent Fund to operate as an investment vehicle and to hold the securities or promissory notes from PAR Funding, as described in the facts section of this Complaint. A true and correct copy of the engagement letter is attached as Exhibit A.

ANSWER: Admitted in part, denied in part. It is admitted that on or about May 16, 2019, Sharpton retained the legal services of Pauciulo and Eckert. By way of further response, Sharpton's engagement was governed by a writing that speaks for itself, which Pauciulo and Eckert refer to for its terms. Any characterization of such writing is denied. To the extent the averments of Paragraph 393 are inconsistent with such writing and/or attempt to characterize such writing, the averments and/or characterizations are denied. It is denied that the investment funds sought individuals to invest in the purchase of a security that would be invested in PAR, specifically. The PPMs for the investment funds contemplated investments in merchant cash advance companies and stated that "[t]he 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." However, Plaintiffs' investment focus was

Case ID: 201200892

on PAR, and upon information and belief, Plaintiffs conducted their own due diligence through meetings with representatives of PAR and review of materials from PAR as well as other direct or indirect communications with PAR.

394. As part of the representation, the Eckert Firm and Pauciulo were to form an Agent Fund that was legally compliant with all applicable banking or SEC regulations, including SEC Regulation D, and to prepare all necessary Fund formation documents, as well as the investor statements and other documents that would be legally required, including a PPM.

ANSWER: To the extent the averments of Paragraph 394 refer to or rely on writings, such writings speak for themselves, Pauciulo and Eckert refer to such writings for their terms and any characterization of such writings is denied. To the extent the averments of Paragraph 394 are inconsistent with such writings and/or attempt to characterize such writings, the averments and/or characterizations are denied. By way of further response, the legal services to be provided were set forth in engagement letters and included the following: (i) the formation of a Delaware limited liability company; (ii) the preparation of a PPM to be used in connection with the offering of ownership interests in the fund; (iii) 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 (iv) counseling with respect to conducting the offering. The PPMs and related legal services rendered to each Plaintiff were consistent with the scope of the engagement.

395. In or around June 28, 2019, Sharpton, through the legal assistance of the Eckert Firm and Pauciulo (or other attorneys under Pauciulo's direction and supervision), formed Carolina Income.

ANSWER: Admitted.

Case ID: 201200892

396. In the engagement agreement, the Eckert Firm and Pauciulo expressly agreed that the representation necessarily would include: "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 "counseling with respect to the offering."

ANSWER: To the extent the averments of Paragraph 396 refer to or rely on writings, such writings speak for themselves, Pauciulo and Eckert refer to such writings for their terms and any characterization of such writings is denied. To the extent the averments of Paragraph 396 are inconsistent with such writings and/or attempt to characterize such writings, the averments and/or characterizations are denied.

397. The Eckert Firm and Pauciulo failed to discharge these express contractual obligations.

ANSWER: Denied. To the extent the averments of Paragraph 397 consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 397 are denied.

398. Moreover, the Eckert Firm and Pauciulo failed to provide legal services that were consistent with legal industry standards, which is an implied promise in every legal engagement.

ANSWER: Denied. To the extent the averments of Paragraph 398 consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 398 are denied.

399. Pauciulo, and others working with him at the Eckert Firm, formed MCA Carolina Income Fund, LLC, and prepared a PPM that did not make necessary disclosures. At no time did Pauciulo, or any attorney from the Eckert Firm, advise Carolina Income or Sharpton that it was

Case ID: 201200892

necessary to amend the PPM to make disclosures about the risks of investing in PAR, although Pauciulo knew or should have known of those risks.

ANSWER: Admitted in part, denied in part. It is admitted that Pauciulo and Eckert formed MCA Carolina Income Fund, LLC. To the extent the averments of Paragraph 399 consist of legal conclusions, no response is required, and they are therefore denied. It is specifically denied that Pauciulo or Eckert caused the PPM to not make necessary disclosures. By way of further response, the PPMs disclosed numerous risk factors, such as that "[u]nderwriting and risk management efforts may not be effective" and "[o]ther regulatory risks." The PPMs also warned that "[i]nvestment in the notes involves a high degree of risk and is suitable only for persons of substantial financial resources who have no need for liquidity in their investment." Moreover, the PPMs stated that "[n]o 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." The PPMs also disclaimed any duty to update.

400. Accordingly, Sharpton and Carolina Income relied on this false and misleading legal work prepared by Pauciulo and the Eckert Firm, in encouraging investors to invest in Carolina Income which, in turn, invested in PAR Funding.

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to what Sharpton and Carolina Income relied on, and therefore deny the same. It is specifically denied that Pauciulo and Eckert prepared false and misleading work.

Case ID: 201200892

401. Defendants failed to prepare necessary documentation to ensure that Carolina Income would be compliant with all state and federal securities laws, and did not provide appropriate counsel regarding the offering, in the following ways:

(a) Providing false and inaccurate information regarding the legality of PAR Funding's operations;

ANSWER: Denied. To the extent the averments of Paragraph 401(a) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 401(a) are denied.

(b) Misrepresenting the safety and security of investing in PAR Funding;

ANSWER: Denied. To the extent the averments of Paragraph 401(b) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 401(b) are denied.

(c) Failing to disclose the criminal past of PAR Funding's principal, Joseph LaForte;

ANSWER: Denied. To the extent the averments of Paragraph 401(c) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 401(c) are denied.

(d) Failing to disclose a professional relationship to PAR Funding that created a conflict of interest in Defendants' representation of Plaintiffs in forming an Agent Fund to invest in PAR;

Case ID: 201200892

ANSWER: Denied. To the extent the averments of Paragraph 401(d) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 401(d) are denied.

(e) Encouraging Plaintiffs to invest in PAR and to solicit others to invest in PAR;

ANSWER: Denied. To the extent the averments of Paragraph 401(e) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 401(e) are denied.

(f) Failing to advise that the Agent Fund strategy may not be compliant with SEC Regulations;

ANSWER: Denied. To the extent the averments of Paragraph 401(f) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 401(f) are denied.

(g) Failing to properly draft a PPM; and

ANSWER: Denied. To the extent the averments of Paragraph 401(g) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 401(g) are denied.

(h) Failing and or refusing to provide advice and legal support to Plaintiffs, the Defendants' clients, when the assets of PAR Funding were seized by the government, and PAR Funding came under close legal scrutiny.

ANSWER: Denied. To the extent the averments of Paragraph 401(h) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 401(h) are denied.

Case ID: 201200892

402. As a result of Defendants' breach of contract, Plaintiffs suffered economic losses in an amount of $215,000, the amount of money Carolina Income invested in PAR, excluding interest, and $15,000, the amount of money Sharpton invested in Carolina Income, also excluding interest and fees paid to Eckert.

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to how much money Carolina Income or Sharpton invested and therefore deny the same. To the extent the averments of Paragraph 402 consist of legal conclusions, no response is required, and they are therefore denied. It is specifically denied that Plaintiffs suffered losses as a result of Pauciulo's and Eckert's actions.

403. In addition, Plaintiffs suffered consequential damages including, but not limited to, counsel fees, the loss of use of their investment, lost profits and/or interest.

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to whether or how much Plaintiffs paid in counsel fees and therefore deny the same. To the extent the averments of Paragraph 403 consist of legal conclusions, no response is required, and they are therefore denied. It is specifically denied that Plaintiffs suffered losses as a result of Pauciulo's and Eckert's actions.

WHEREFORE, Defendants Pauciulo and Eckert request that judgment be entered in their favor and against Plaintiffs Philip Sharpton and MCA Carolina Income Fund, LLC, dismissing the Complaint with prejudice, together with costs, attorneys' fees, and such other and further relief as the Court deems just and proper.

COUNT XXIX - LEGAL MALPRACTICE (TORT)

Plaintiffs Michael Tierney and Merchant Services Income Fund, LLC v. Defendants

404. Plaintiffs incorporate paragraphs 1 through 95 as though set forth at length in this Count.

Case ID: 201200892

ANSWER: Pauciulo and Eckert incorporate Paragraphs 1 through 95 of this Answer as if fully set forth herein.

405. Tierney retained the legal services of Pauciulo and the Eckert Firm to represent him in the creation of an Agent Fund to operate as an investment vehicle and to hold the securities or promissory notes from PAR Funding, as described in the facts section of this Complaint. For reasons outside of his control, Tierney cannot access a copy of his engagement letter with the Eckert Firm.

ANSWER: Admitted in part, denied in part. It is admitted that Tierney retained the legal services of Pauciulo and Eckert. By way of further response, Tierney's engagement was governed by a writing that speaks for itself, which Pauciulo and Eckert refer to for its terms. Any characterization of such writing is denied. To the extent the averments of Paragraph 405 are inconsistent with such writing and/or attempt to characterize such writing, the averments and/or characterizations are denied. It is denied that the investment funds sought individuals to invest in the purchase of a security that would be invested in PAR, specifically. The PPMs for the investment funds contemplated investments in merchant cash advance companies and stated that "[t]he 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." However, Plaintiffs' investment focus was on PAR, and upon information and belief, Plaintiffs conducted their own due diligence through meetings with representatives of PAR and review of materials from PAR as well as other direct or indirect communications with PAR.

406. As part of the representation, the Eckert Firm and Pauciulo were to form an Agent Fund that was legally compliant with all applicable banking or SEC regulations, including SEC

Case ID: 201200892

Regulation D, and to prepare all necessary Fund formation documents, as well as the investor statements and other documents that would be legally required, including a PPM.

ANSWER: To the extent the averments of Paragraph 406 refer to or rely on writings, such writings speak for themselves, Pauciulo and Eckert refer to such writings for their terms and any characterization of such writings is denied. To the extent the averments of Paragraph 406 are inconsistent with such writings and/or attempt to characterize such writings, the averments and/or characterizations are denied. By way of further response, the legal services to be provided were set forth in engagement letters and included the following: (i) the formation of a Delaware limited liability company; (ii) the preparation of a PPM to be used in connection with the offering of ownership interests in the fund; (iii) 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 (iv) counseling with respect to conducting the offering. The PPMs and related legal services rendered to each Plaintiff were consistent with the scope of the engagement.

407. Tierney, through the legal assistance of the Eckert Firm and Pauciulo (or other attorneys under Pauciulo's direction and supervision), formed MSIF.

ANSWER: Admitted.

408. At all relevant times, Pauciulo knew, or should have known based on discussions or other communications from Tierney, that the Agency Fund was being formed specifically to invest in PAR Funding.

ANSWER: Denied as stated. It is admitted that Pauciulo knew that the investment fund was being formed to invest in PAR, but the investment decision ultimately rested with each Plaintiff and the management company. To the extent the averments of

Case ID: 201200892

Paragraph 408 refer to writings, such writings speak for themselves and Pauciulo and Eckert refer to such writings for their terms and deny any characterization of such writings. To the extent the averments of Paragraph 408 are inconsistent with such writings and/or attempt to characterize such writings, the averments and/or characterizations are denied.

409. Pauciulo, and others working with him at the Eckert Firm, formed Merchant Services Income Fund, LLC, and prepared a PPM that did not make necessary disclosures. At no time did Pauciulo, or any other Eckert attorney, advise MSIF or Tierney that it was necessary to amend the PPM to make disclosures about the risks of investing in PAR, although Pauciulo knew or should have known of those risks.

ANSWER: Admitted in part, denied in part. It is admitted that Pauciulo and Eckert formed MSIF. To the extent the averments of Paragraph 409 consist of legal conclusions, no response is required, and they are therefore denied. It is specifically denied that Pauciulo or Eckert caused the PPM to not make necessary disclosures. By way of further response, the PPMs disclosed numerous risk factors, such as that "[u]nderwriting and risk management efforts may not be effective" and "[o]ther regulatory risks." The PPMs also warned that "[i]nvestment in the notes involves a high degree of risk and is suitable only for persons of substantial financial resources who have no need for liquidity in their investment." Moreover, the PPMs stated that "[n]o 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." The PPMs also disclaimed any duty to update.

Case ID: 201200892

410. Accordingly, Tierney and MSIF relied on this false and misleading legal work prepared by Pauciulo and the Eckert Firm, in encouraging investors to invest in MSIF which, in turn, invested in PAR Funding.

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to what Tierney and MSIF relied on, and therefore deny the same. It is specifically denied that Pauciulo and Eckert prepared false and misleading work.

411. Defendants were reckless, careless, and negligent when representing Plaintiffs, both generally and in the following specific ways:

(a) Providing false and inaccurate information regarding the legality of PAR Funding's operations;

ANSWER: Denied. To the extent the averments of Paragraph 411(a) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 411(a) are denied.

(b) Misrepresenting the safety and security of investing in PAR Funding;

ANSWER: Denied. To the extent the averments of Paragraph 411(b) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 411(b) are denied.

(c) Failing to disclose the criminal past of PAR Funding's principal, Joseph LaForte;

Case ID: 201200892

ANSWER: Denied. To the extent the averments of Paragraph 411(c) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 411(c) are denied.

(d) Failing to disclose a professional relationship to PAR Funding that created a conflict of interest in Defendants' representation of Plaintiffs in forming an Agent Fund to invest in PAR;

ANSWER: Denied. To the extent the averments of Paragraph 411(d) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 411(d) are denied.

(e) Encouraging Plaintiffs to invest in PAR and to solicit others to invest in PAR;

ANSWER: Denied. To the extent the averments of Paragraph 411(e) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 411(e) are denied.

(f) Failing to advise that the Agent Fund strategy may not be compliant with SEC Regulations;

ANSWER: Denied. To the extent the averments of Paragraph 411(f) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 411(f) are denied.

(g) Failing to properly draft a PPM; and

ANSWER: Denied. To the extent the averments of Paragraph 411(g) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 411(g) are denied.

Case ID: 201200892

(h) Failing and or refusing to provide advice and legal support to Plaintiffs, the Defendants' clients, when the assets of PAR Funding were seized by the government, and PAR Funding came under close legal scrutiny.

ANSWER: Denied. To the extent the averments of Paragraph 411(h) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 411(h) are denied.

412. As a result of Defendants' actions and omissions, Plaintiffs suffered economic losses in an amount of approximately $17 million, the amount of money MSIF invested in PAR, excluding interest and fees paid to Eckert. Plaintiff Tierney is unable to access the precise figure at this time.

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to how much money MSIF invested and therefore deny the same. To the extent the averments of Paragraph 412 consist of legal conclusions, no response is required, and they are therefore denied. It is specifically denied that Plaintiffs suffered losses as a result of Pauciulo's and Eckert's actions.

413. In addition, Plaintiffs suffered additional losses including, but not limited to, counsel fees related to the SEC investigation and expended to defend against claims from investors, as well as the loss of use of their investment.

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to whether or how much Plaintiffs paid in counsel fees related to the SEC investigation or their defense against claims from their investors and therefore deny the same. It is specifically denied that Plaintiffs suffered losses as a result of Pauciulo's and Eckert's actions.

Case ID: 201200892

WHEREFORE, Defendants Pauciulo and Eckert request that judgment be entered in their favor and against Plaintiffs Michael Tierney and Merchant Services Income Fund, LLC, dismissing the Complaint with prejudice, together with costs, attorneys' fees, and such other and further relief as the Court deems just and proper.

COUNT XXX - LEGAL MALPRACTICE (CONTRACT)

Plaintiffs Michael Tierney and Merchant Services Income Fund, LLC v. Defendants

414. Plaintiffs incorporate paragraphs 1 through 95 as though set forth at length in this Count.

ANSWER: Pauciulo and Eckert incorporate Paragraphs 1 through 95 of this Answer as if fully set forth herein.

415. Tierney retained the legal services of Pauciulo and the Eckert Firm to represent him in the creation of an Agent Fund to operate as an investment vehicle and to hold the securities or promissory notes from PAR Funding, as described in the facts section of this Complaint. For reasons outside of his control, Tierney is not able to access the written agreement with the Eckert Firm.

ANSWER: Admitted in part, denied in part. It is admitted that Tierney retained the legal services of Pauciulo and Eckert. By way of further response, Tierney's engagement was governed by a writing that speaks for itself, which Pauciulo and Eckert refer to for its terms. Any characterization of such writing is denied. To the extent the averments of Paragraph 415 are inconsistent with such writing and/or attempt to characterize such writing, the averments and/or characterizations are denied. It is denied that the investment funds sought individuals to invest in the purchase of a security that would be invested in PAR, specifically. The PPMs for the investment funds contemplated investments in merchant cash advance companies and stated that "[t]he proceeds from the sales of the Notes will be used to purchase promissory notes and other

Case ID: 201200892

similar debt instruments offered and sold by companies which provide 'Merchant Cash Advance' financing." However, Plaintiffs' investment focus was on PAR, and upon information and belief, Plaintiffs conducted their own due diligence through meetings with representatives of PAR and review of materials from PAR as well as other direct or indirect communications with PAR.

416. As part of the representation, the Eckert Firm and Pauciulo were to form an Agent Fund that was legally compliant with all applicable banking or SEC regulations, including SEC Regulation D, and to prepare all necessary Fund formation documents, as well as the investor statements and other documents that would be legally required, including a PPM.

ANSWER: To the extent the averments of Paragraph 416 refer to or rely on writings, such writings speak for themselves, Pauciulo and Eckert refer to such writings for their terms and any characterization of such writings is denied. To the extent the averments of Paragraph 416 are inconsistent with such writings and/or attempt to characterize such writings, the averments and/or characterizations are denied. By way of further response, the legal services to be provided were set forth in engagement letters and included the following: (i) the formation of a Delaware limited liability company; (ii) the preparation of a PPM to be used in connection with the offering of ownership interests in the fund; (iii) 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 (iv) counseling with respect to conducting the offering. The PPMs and related legal services rendered to each Plaintiff were consistent with the scope of the engagement.

417. Tierney, through the legal assistance of the Eckert Firm and Pauciulo (or other attorneys under Pauciulo's direction and supervision), formed MSIF.

Case ID: 201200892

ANSWER: Admitted.

418. In the engagement agreement, the Eckert Firm and Pauciulo expressly agreed that the representation necessarily would include: "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 "counseling with respect to the offering."

ANSWER: To the extent the averments of Paragraph 418 refer to or rely on writings, such writings speak for themselves, Pauciulo and Eckert refer to such writings for their terms and any characterization of such writings is denied. To the extent the averments of Paragraph 418 are inconsistent with such writings and/or attempt to characterize such writings, the averments and/or characterizations are denied.

419. The Eckert Firm and Pauciulo failed to discharge these express contractual obligations.

ANSWER: Denied. To the extent the averments of Paragraph 419 consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 419 are denied.

420. Moreover, the Eckert Firm and Pauciulo failed to provide legal services that were consistent with legal industry standards, which is an implied promise in every legal engagement.

ANSWER: Denied. To the extent the averments of Paragraph 420 consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 420 are denied.

421. Pauciulo, and others working with him at the Eckert Firm, formed Merchant Services Income Fund, LLC, and prepared a PPM that did not make necessary disclosures. At no time did Pauciulo, or any attorney from the Eckert Firm, advise MSIF or Tierney that it was

Case ID: 201200892

necessary to amend the PPM to make disclosures about the risks of investing in PAR, although Pauciulo knew or should have known of those risks.

ANSWER: Admitted in part, denied in part. It is admitted that Pauciulo and Eckert formed MSIF. To the extent the averments of Paragraph 421 consist of legal conclusions, no response is required, and they are therefore denied. It is specifically denied that Pauciulo or Eckert caused the PPM to not make necessary disclosures. By way of further response, the PPMs disclosed numerous risk factors, such as that "[u]nderwriting and risk management efforts may not be effective" and "[o]ther regulatory risks." The PPMs also warned that "[i]nvestment in the notes involves a high degree of risk and is suitable only for persons of substantial financial resources who have no need for liquidity in their investment." Moreover, the PPMs stated that "[n]o 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." The PPMs also disclaimed any duty to update.

422. Accordingly, Tierney and MSIF relied on this false and misleading legal work prepared by Pauciulo and the Eckert Firm, in encouraging investors to invest in MSIF which, in turn, invested in PAR Funding.

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to what Tierney and MSIF relied on, and therefore deny the same. It is specifically denied that Pauciulo and Eckert prepared false and misleading work.

Case ID: 201200892

423. Defendants failed to prepare necessary documentation to ensure that MSIF would be compliant with all state and federal securities laws, and did not provide appropriate counsel regarding the offering, in the following ways:

(a) Providing false and inaccurate information regarding the legality of PAR Funding's operations;

ANSWER: Denied. To the extent the averments of Paragraph 423(a) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 423(a) are denied.

(b) Misrepresenting the safety and security of investing in PAR Funding;

ANSWER: Denied. To the extent the averments of Paragraph 423(b) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 423(b) are denied.

(c) Failing to disclose the criminal past of PAR Funding's principal, Joseph LaForte;

ANSWER: Denied. To the extent the averments of Paragraph 423(c) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 423(c) are denied.

(d) Failing to disclose a professional relationship to PAR Funding that created a conflict of interest in Defendants' representation of Plaintiffs in forming an Agent Fund to invest in PAR;

Case ID: 201200892

ANSWER: Denied. To the extent the averments of Paragraph 423(d) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 423(d) are denied.

(e) Encouraging Plaintiffs to invest in PAR and to solicit others to invest in PAR;

ANSWER: Denied. To the extent the averments of Paragraph 423(e) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 423(e) are denied.

(f) Failing to advise that the Agent Fund strategy may not be compliant with SEC Regulations;

ANSWER: Denied. To the extent the averments of Paragraph 423(f) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 423(f) are denied.

(g) Failing to properly draft a PPM; and

ANSWER: Denied. To the extent the averments of Paragraph 423(g) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 423(g) are denied.

(h) Failing and or refusing to provide advice and legal support to Plaintiffs, the Defendants' clients, when the assets of PAR Funding were seized by the government, and PAR Funding came under close legal scrutiny.

ANSWER: Denied. To the extent the averments of Paragraph 423(h) consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 423(h) are denied.

Case ID: 201200892

424. As a result of Defendants' breach of contract, Plaintiffs suffered economic losses in an amount of approximately $17 million, the amount of money MSIF invested in PAR, excluding interest and fees paid to Eckert. Plaintiff Tierney is unable to access the precise figure at this time.

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to how much money MSIF invested and therefore deny the same. I To the extent the averments of Paragraph 424 consist of legal conclusions, no response is required, and they are therefore denied. It is specifically denied that Plaintiffs suffered losses as a result of Pauciulo's and Eckert's actions.

425. In addition, Plaintiffs suffered consequential damages including, but not limited to, counsel fees, the loss of use of their investment, lost profits and/or interest.

ANSWER: Denied. After reasonable investigation, Pauciulo and Eckert are without sufficient information or knowledge as to whether or how much Plaintiffs paid in counsel fees and therefore deny the same. To the extent the averments of Paragraph 425 consist of legal conclusions, no response is required, and they are therefore denied. It is specifically denied that Plaintiffs suffered losses as a result of Pauciulo's and Eckert's actions.

WHEREFORE, Defendants Pauciulo and Eckert request that judgment be entered in their favor and against Plaintiffs Michael Tierney and Merchant Services Income Fund, LLC, dismissing the Complaint with prejudice, together with costs, attorneys' fees, and such other and further relief as the Court deems just and proper.

COUNT XXXI: BREACH OF FIDUCIARY DUTY

All Plaintiffs v. Defendants

426. Plaintiffs incorporate paragraphs 1 through 95 as though set forth at length in this Count.

Case ID: 201200892

ANSWER: Pauciulo and Eckert incorporate Paragraphs 1 through 95 of this Answer as if fully set forth herein.

427. Pauciulo and Eckert, including all of its attorneys, had a fiduciary duty to act in accordance with good practice and render services to Plaintiffs commensurate with the standard of care for corporate lawyers, or lawyers engaging in fund formation.

ANSWER: Denied. To the extent the averments of Paragraph 427 consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 427 are denied.

428. More specifically, Defendants owed Plaintiffs a fiduciary duty of loyalty to act free from any conflict of interest in the representation.

ANSWER: Denied. To the extent the averments of Paragraph 428 consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 428 are denied. By way of further response, it is denied that a conflict of interest existed.

429. Defendants breached this duty to Plaintiffs, by failing to disclose the conflict of interest that existed in Defendants' representation of both Plaintiffs and Vagnozzi and seek waiver of that conflict.

ANSWER: Denied. To the extent the averments of Paragraph 429 consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 429 are denied. By way of further response, it is denied that a conflict of interest existed.

Case ID: 201200892

430. Defendants breached their fiduciary duty to Plaintiffs in placing their own financial interest in PAR's scheme above Plaintiffs' interests in conducting legitimate businesses and avoiding unnecessary investment risk.

ANSWER: Denied. To the extent the averments of Paragraph 430 consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 430 are denied.

431. Defendants failed to disclose information of which they were aware, that placed Plaintiffs at high risk of financial loss and at potential risk of liability to investors, and should have been disclosed. Indeed, such losses occurred or yet may occur under the circumstances.

ANSWER: Denied. To the extent the averments of Paragraph 431 consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 431 are denied.

432. Upon information and belief, Pauciulo and Eckert made money by (i) attracting investors in PAR through live appearances and promotional materials they were paid to prepare; and (ii) representing investors in creating agent funds and in placing the investments in PAR, without disclosing this "double dip."

ANSWER: Denied as stated. Pauciulo and Eckert did not make misrepresentations about PAR or prepare promotional materials. By way of further response, the legal services to be provided to Plaintiffs were set forth in engagement letters and included the following: (i) the formation of a Delaware limited liability company; (ii) the preparation of a PPM to be used in connection with the offering of ownership interests in the fund; (iii) 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 (iv) counseling with respect to

Case ID: 201200892

conducting the offering. To the extent the averments of Paragraph 432 consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 432 are denied.

433. In other words, Pauciulo and Eckert financially benefited from their duplicity.

ANSWER: Denied. Pauciulo and Eckert did not act duplicitously. By way of further response, any legal fees received by Pauciulo and Eckert were received as a result of their provision of the legal services set out in Plaintiffs' engagement letters.

434. Pauciulo and Eckert failed to advise any of the individual Plaintiffs to seek the advice of independent counsel, either when forming the agent funds, or after the funds were formed, to review the PPMs Eckert and Pauciulo prepared, knowing that representing Plaintiffs and Vagnozzi under the circumstances created a conflict of interest.

ANSWER: Denied. To the extent the averments of Paragraph 434 consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 434 are denied. By way of further response, it is denied that a conflict of interest existed.

435. As a result of these breaches of fiduciary duty by the Defendants, Plaintiffs have suffered millions of dollars in monetary loss in the form of the amounts invested in PAR Funding, as well as fees paid (i) to Pauciulo and Eckert for their duplicitous work, and (ii) to other lawyers, who have provided services relating to investigation by the SEC or the SEC Florida Action, (iii) and as may be required to defend against claims from investors in the agent funds.

Case ID: 201200892

ANSWER: Denied. To the extent the averments of Paragraph 435 consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 435 are denied.

436. Defendants' engagement in this egregious conflict of interest is so shocking to the conscience and is so outrageous that it warrants the imposition of punitive damages against Pauciulo and Eckert.

ANSWER: Denied. To the extent the averments of Paragraph 436 consist of legal conclusions, no response is required, and they are therefore denied. To the extent a response is required, the averments of Paragraph 436 are denied. It is further denied that any conflict of interest existed.

WHEREFORE, Defendants Pauciulo and Eckert request that judgment be entered in their favor and against Plaintiffs, dismissing the Complaint with prejudice, together with costs, attorneys' fees, and such other and further relief as the Court deems just and proper.

NEW MATTER

1. Defendants Pauciulo and Eckert hereby incorporate Paragraphs 1 through 436 of the within Answer by reference as if set forth fully herein.

2. Beginning in 2017, Pauciulo was introduced to the individual Plaintiffs by Vagnozzi.

3. Beginning in 2017, as counsel to Vagnozzi, Pauciulo was asked to provide general information about private placement memoranda at meetings with Vagnozzi and Plaintiffs.

4. At various times between 2018 and 2020, Pauciulo and Eckert provided legal services to each Plaintiff.

Case ID: 201200892

5. Upon information and belief, each Plaintiff had a prior relationship with Vagnozzi and/or PAR before he or she engaged Pauciulo to provide legal services.

6. At least one Plaintiff, Francis Cassidy, retained the legal services of Pauciulo and Eckert to represent Cassidy in claims asserted against him by the Commonwealth of Pennsylvania, Department of Banking and Securities, Bureau of Securities and Compliance and Examinations.

7. The majority of the other Plaintiffs retained Pauciulo and Eckert to assist them with the creation of investment funds.

8. The legal services to be provided by Pauciulo and Eckert were set forth in various engagement letters and included the following: (i) the formation of a Delaware limited liability company; (ii) the preparation of a PPM to be used in connection with the offering of ownership interests in the fund; (iii) 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 (iv) counseling with respect to conducting the offering.

9. The engagement letters for Plaintiffs did not contemplate providing investment advice or providing advice about PAR.

10. No Plaintiff engaged Pauciulo to perform due diligence into PAR.

11. Upon information and belief, Plaintiffs conducted their own due diligence through meetings with representatives of PAR and a review of materials from PAR as well as other direct or indirect communications with PAR.

12. Upon information and belief, Plaintiffs contacted ABFP Management Company LLC (“ABFP Management”) and/or Michael Tierney for advice about PAR.

Case ID: 201200892

13. Plaintiffs, through their own relationship with PAR and visit to PAR's offices, had access to the principals and representatives of PAR, including Perry Abbonizio, in order to make their own determinations about PAR.

14. Upon information and belief, Plaintiffs received materials directly from PAR and/or ABFP Management to allow them to make their own determinations about PAR.

15. Pauciulo drafted PPMs at the direction of Plaintiffs, who had conducted their own due diligence into PAR.

16. The PPMs for the investment funds contemplated investments in merchant advance companies and stated that "[t]he 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."

17. It was also understood that the investment funds' investments included investments in promissory notes issued by PAR.

18. In addition, the PPMs disclosed numerous risk factors, such as that "[u]nderwriting and risk management efforts may not be effective" and "[o]ther regulatory risks."

19. The PPMs also warned that "[i]nvestment in the notes involves a high degree of risk and is suitable only for persons of substantial financial resources who have no need for liquidity in their investment."

20. Moreover, the PPMs stated that "[n]o 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

Case ID: 201200892

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."

21. The PPMs also disclaimed any duty to update, and no Plaintiffs asked Pauciulo or Eckert to update the PPMs.

22. The Plaintiffs' investment funds entered into a Management Services Agreement with Vagnozzi's company, ABFP Management.

23. Upon information and belief, at least one of the individual Plaintiffs, Michael Tierney, was designated by Vagnozzi as the individual responsible for overseeing the relationship between Vagnozzi, his entity, and the investment funds and responsible for interacting with all other Plaintiffs named in this action in connection with advice concerning PAR.

24. Pauciulo and Eckert provided advice to Plaintiffs with respect to conducting an offering compliant with Regulation D.

25. Pauciulo and Eckert are unaware of Plaintiffs' actual conduct in connection with offerings they conducted.

26. Pauciulo and Eckert are unaware of Plaintiffs' activities with regard to managing their investment funds.

27. The Court-appointed Receiver in the SEC Action has seized the assets of the investment funds. It is unclear whether or not the SEC or any other organization plans to bring an enforcement action against any of the Plaintiffs as a result of their conduct at this time.

28. The Complaint fails to state a claim upon which relief can be granted.

29. Plaintiffs' claims are barred, in whole or in part, by the doctrine of in pari delicto.

30. Plaintiffs' claims are barred, in whole or in part, by the doctrine of unclean hands.

Case ID: 201200892

31. Plaintiffs' claims are barred, in whole or in part, by the gist of the action doctrine.

32. Plaintiffs' claims are barred, in whole or in part, by waiver, acquiescence, ratification, and/or estoppel.

33. Plaintiffs' claims are barred, in whole or in part, because Pauciulo and Eckert were not the proximate cause, cause-in-fact, or but-for cause of Plaintiffs' alleged injuries or harm.

34. Plaintiffs' claims are barred, in whole or in part, by Plaintiffs' failure to mitigate damages.

35. Plaintiffs' claims are barred, in whole or in part, by Plaintiffs' contributory negligence.

36. Plaintiffs' claims are barred, in whole or in part, because it would be inequitable to award damages to the extent they occurred or continued as a result of Plaintiffs' own actions and/or omissions, or those of Plaintiffs' agents or representatives.

37. Pauciulo and Eckert reserve the right to add one or more affirmative defenses if facts are discovered to support an additional affirmative defense.

WHEREFORE, Defendants Pauciulo and Eckert request that judgment be entered in their favor and against Plaintiffs, dismissing the Complaint with prejudice, together with costs, attorneys' fees, and such other and further relief as the Court deems just and proper.

Dated: April 7, 2021

Respectfully submitted,

/s/ Jay A. Dubow
Jay A. Dubow (PA Bar No. 41741)
Joanna J. Cline (PA Bar No. 83195)
Erica H. Dressler (PA Bar No. 319953)
Mia S. Rosati (PA Bar No. 321078)

Case ID: 201200892

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Attorneys for Defendants John W. Pauciulo and Eckert Seamans Cherin & Mellott, LLC

Case ID: 201200892

CERTIFICATE OF COMPLIANCE

I certify that this filing complies with the provisions of the *Case Records Public Access Policy of the Unified Judicial System of Pennsylvania* that require filing confidential information and documents differently than non-confidential information and documents.

/s/ Jay A. Dubow
Jay A. Dubow (PA Bar No. 41741)

Case ID: 201200892

CERTIFICATE OF SERVICE

I, Jay A. Dubow, Esquire, hereby certify that on or about April 7, 2021, a true and correct copy of the foregoing Answer and New Matter of Defendants John W. Pauciulo and Eckert Seamans Cherin & Mellott, LLC to Plaintiffs' Complaint was served upon the following via the Court's electronic filing system and email:

Clifford E. Haines, Esquire
Danielle M. Weiss, Esquire
HAINES & ASSOCIATES
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Philadelphia, PA 19107
chaines@haines-law.com
dweiss@haines-law.com

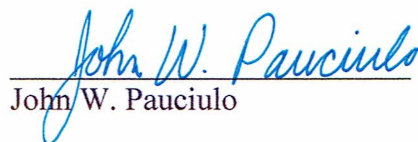
/s/ Jay A. Dubow
Jay A. Dubow (PA Bar No. 41741)

Case ID: 201200892

VERIFICATION

I, John W. Pauciulo, hereby verify that the facts set forth in the foregoing Answer to Complaint and New Matter of Defendant John W. Pauciulo are true and correct to the best of my knowledge, information and belief. I understand that the statements made herein are subject to the penalties of 18 Pa.C.S. § 4904, relating to unsworn falsification to authorities.

Dated: April 7, 2021



John W. Pauciulo

VERIFICATION

I, Timothy S. Coon, hereby verify that I am authorized to make this Verification on behalf of Defendant Eckert Seamans Cherin & Mellott, LLC ("Eckert Seamans") and that the facts set forth in the foregoing Answer to Complaint and New Matter of Defendant Eckert Seamans are true and correct to the best of my knowledge, information and belief. I understand that the statements made herein are subject to the penalties of 18 Pa.C.S. § 4904, relating to unsworn falsification to authorities.

Dated: April 06, 2021

Timothy S. Coon

Timothy S. Coon
Chief Legal Officer