

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

**CASE NO.: 20-CV-81205-RAR**

SECURITIES AND EXCHANGE  
COMMISSION,

Plaintiff,

v.

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

Defendants.

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**RECEIVER’S REPLY TO THE CHEHEBARS’ RESPONSE IN  
OPPOSITION TO MOTION TO SUPPLEMENT DISTRIBUTION MOTION**

Ryan K. Stumphauzer, Esq., Court-Appointed Receiver (“Receiver”) of the Receivership Entities,<sup>1</sup> by and through his undersigned counsel, files this Reply to the Chehebars’ Response in

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<sup>1</sup> The “Receivership Entities” are Complete Business Solutions Group, Inc. d/b/a Par Funding (“CBSG”); Full Spectrum Processing, Inc.; ABetterFinancialPlan.com LLC d/b/a A Better Financial Plan; ABFP Management Company, LLC f/k/a Pillar Life Settlement Management Company, LLC; ABFP Income Fund, LLC; ABFP Income Fund 2, L.P.; United Fidelis Group Corp.; Fidelis Financial Planning LLC; Retirement Evolution Group, LLC; RE Income Fund LLC; RE Income Fund 2 LLC; ABFP Income Fund 3, LLC; ABFP Income Fund 4, LLC; ABFP Income Fund 6, LLC; ABFP Income Fund Parallel LLC; ABFP Income Fund 2 Parallel; ABFP Income Fund 3 Parallel; ABFP Income Fund 4 Parallel; and ABFP Income Fund 6 Parallel; ABFP Multi-Strategy Investment Fund LP; ABFP Multi-Strategy Fund 2 LP; MK Corporate Debt Investment Company LLC; Fast Advance Funding LLC; Beta Abigail, LLC; New Field Ventures, LLC; Heritage Business Consulting, Inc.; Eagle Six Consulting, Inc.; 20 N. 3rd St. Ltd.; 118 Olive PA LLC; 135-137 N. 3rd St. LLC; 205 B Arch St Management LLC; 242 S. 21st St. LLC; 300 Market St. LLC; 627-629 E. Girard LLC; 715 Sansom St. LLC; 803 S. 4th St. LLC; 861 N. 3rd St. LLC; 915-917 S. 11th LLC; 1250 N. 25th St. LLC; 1427 Melon St. LLC; 1530 Christian St. LLC; 1635 East Passyunk LLC; 1932 Spruce St. LLC; 4633 Walnut St. LLC; 1223 N. 25th St. LLC; 500 Fairmount Avenue, LLC; Liberty Eighth Avenue LLC; Blue Valley Holdings, LLC; LWP North LLC; The LME 2017 Family Trust; Recruiting and Marketing Resources, Inc.; Contract Financing Solutions, Inc.; Stone Harbor Processing LLC; LM Property Management LLC; and ALB Management, LLC; and the receivership also includes the property located at 107 Quayside Dr., Jupiter FL 33477.

Opposition [ECF No. 2074] (the “Opposition”) to the Receiver’s Motion to Supplement [ECF No. 2070] (the “Motion to Supplement”) his Motion to (1) Approve Proposed Plan of Distribution and (2) Authorize First Interim Distribution [ECF No. 2014] (the “Distribution Motion”), and states:

In the Court’s Order establishing a briefing schedule, the Court permitted any claimant “who opposes the Motion to Supplement” to file a response. [ECF No. 2071 at 2]. The only relief the Receiver requested in the Motion to Supplement was to adjust the allowed claim amounts and proposed first interim distributions for five agent fund claimants. The Receiver did not address, discuss, or otherwise propose any amendments to the portions of the Distribution Motion relating to issues involving the priority of the liens that any claimants have asserted. Indeed, those lien priority issues were briefed *extensively* in the Receiver’s Distribution Motion, the Chehebars’ Response to the Distribution Motion [ECF No. 2041], the Receiver’s Reply to the Chehebars’ Response to the Distribution Motion [ECF No. 2052], and the Sur-Reply the Court previously granted the Chehebars leave to file [ECF No. 2052].

In their Opposition to the Motion to Supplement, the Chehebars concede that they do not oppose the Receiver’s proposed adjustments to the “mathematical calculation[s]” for these claimants, but nevertheless “oppose any distributions that are made in contravention of their rights secured by their valid and enforceable UCC-1 liens.” [Opposition at 1]. In other words, the Chehebars are taking this opportunity to reassert the same lien priority arguments they previously advanced in their Response [ECF No. 2041] and Sur-Reply [ECF No. 2052] to the Distribution Motion. Although the issue of lien priority is not the subject of the Motion to Supplement, the Receiver will briefly reply to these arguments.

First, the Chehebars readvance their position that the Receiver somehow acknowledged through his quarterly status reports that the individual investors and agent funds who accepted the

“exchange offer” and received a priority lien in April 2020 do not, in fact, have a secured interest over the assets of CBSG. [Opposition at 1-2]. The Chehebars refer to the Receiver’s description of the approximately \$175 million in funds within the Receivership Estate as being “unencumbered.” [*Id.* (citing ECF 2059-1 at 5)].<sup>2</sup>

The Chehebars misinterpret, and misunderstand the purpose of, this language. The Amended Order Appointing Receiver requires the Receiver to file a report, on a quarterly basis, identifying “[t]he amount of cash on hand . . . and the amount of unencumbered funds in the estate,” as well as “[a] list of all known creditors with their addresses and the amounts of their claims.” [ECF No. 141 at ¶ 54]. In this context, the term “unencumbered funds” refers to cash that is available to satisfy the claims of creditors of the Receivership Entities, as opposed to cash the Receiver has borrowed for the purpose of administering the Receivership Estate.

In some situations, a receiver is required to borrow money to fund the ongoing operations of a company that has been placed into receivership. In those circumstances, the funds the Receiver has borrowed will not, of course, be available during the claims and distribution process to be distributed to claimants with pre-receivership claims against the Receivership Entities. Rather, those borrowed funds will need to be paid back to the post-receivership lender, and the Receiver will then be able to distribute the remaining funds to claimants with allowed claims against the Receivership Entities. Here, because the Receiver has collected a significant amount of funds, he has not needed to obtain a loan to fund any ongoing operations. As a result, *all* funds within the Receivership Estate are “unencumbered” and will be available, subject to the additional

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<sup>2</sup> The Chehebars previously referred to this language in their Sur-Reply. [ECF No. 2052 at 9].

amounts the Receiver pays for ongoing operations and administration of the Receivership Estate, to satisfy the claims of the creditors of the Receivership Entities.<sup>3</sup>

The Chehebars are also incorrect about the impact of the judgments the Receiver consented to on behalf of the various ABFP agent funds that are Receivership Entities (the “ABFP Funds”).<sup>4</sup> The Chehebars correctly note that these Receivership Entities agreed, as part of these consent judgments, that any funds the Receiver recovers on their behalf through the receivership process will satisfy the disgorgement amounts they agreed to in their consent judgments. But that does not mean that the ABFP Funds no longer have the ability to distribute to their investors the funds the Receiver collects on their behalf. To the contrary, the Receiver’s anticipated distribution to investors in the ABFP Funds (and other agent funds and individual investors) of the funds he has recovered is the very purpose of disgorgement. *See Liu v. Sec. & Exch. Comm’n*, 591 U.S. 71, 89 (2020) (explaining that equitable relief in an enforcement action, including disgorgement, must be “appropriate or necessary for the benefit of investors”). Moreover, nowhere in those consent judgments or in the Orders the Court has entered in this case have the ABFP Funds forfeited their rights to receive distributions from CBSG. Thus, these judgments have no impact on the ABFP Funds’ ability to receive a distribution from CBSG, to distribute funds to their own investors, or to assert the priority lien rights they acquired through their acceptance of the exchange offer.

WHEREFORE, the Receiver requests that the Court grant his Distribution Motion, including the relief detailed in the Motion to Supplement.

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<sup>3</sup> Moreover, if the Chehebars were correct about their argument regarding the Receiver’s acknowledgement that all cash is “unencumbered,” it would mean that the Chehebars’ liens (if valid) are not enforceable either. Surely that is not what they are suggesting.

<sup>4</sup> The Chehebars previously made this same argument about the consent judgments in their Sur-Reply. [ECF No. 2052 at 9].

Dated: December 13, 2024

Respectfully Submitted,

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**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that on December 13, 2024, I electronically filed the foregoing document with the clerk of the Court using CM/ECF. I also certify that the foregoing document is being served this day on counsel of record via transmission of Notices of Electronic Filing generated by CM/ECF.

/s/ Timothy A. Kolaya  
TIMOTHY A. KOLAYA