

**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.

**ORDER TO SHOW CAUSE WHY PACIFIC LIFE INSURANCE COMPANY
SHOULD NOT BE HELD IN CONTEMPT**

THIS CAUSE comes before the Court upon the Receiver's Motion for an Order to Show Cause Why Pacific Life Insurance Company Should Not Be Held in Contempt ("Motion"), filed on March 21, 2025. *See* [ECF No. 2127]. The Court having reviewed the Motion and the record in this matter, and being otherwise fully advised, it is hereby

ORDERED AND ADJUDGED that the Motion is **GRANTED** as set forth herein.

A party may initiate contempt proceedings by filing a motion requesting the court to issue an order to show cause why a party should not be held in civil contempt. *Newman v. State of Ala.*, 683 F.2d 1312, 1318 (11th Cir. 1982). "If the court finds that the conduct as alleged would violate the prior order, it enters an order requiring [the party] to show cause why [the party] should not be held in contempt and conducts a hearing on the matter." *Mercer v. Mitchell*, 908 F.2d 763, 768 (11th Cir. 1990).

Receiver's Motion relates to a life insurance policy owned by one of the Receivership Entities in this case. ABFP Multi-Strategy Investment Fund LP ("ABFP MSIF") is one of the

Receivership Entities and is the owner of Pacific Life Insurance Company (“Pacific Life”) policy number VF5152870 (“Policy”). Mot. ¶¶ 3, 6. The Policy is a life insurance policy with a \$1,000,000.00 face value purchased by ABFP MSIF on the secondary market prior to the establishment of the Receivership. *Id.* ¶ 2.

ABFP Management Company (“ABFP Management”) is the sole general partner of ABFP MSIF. *Id.* ¶ 3. The Court designated ABFP Management as a Receivership Entity under the Court’s initial Order appointing the Receiver (“Initial Receivership Order” or “IRO”), entered on July 27, 2020. *See* [ECF No. 36]. The IRO authorized the Receiver to take action “as necessary and appropriate for the preservation of the Receivership Entities’ property interests or to prevent the dissipation or concealment of such property interests” and also prohibited any person receiving notice of the IRO from “hinder[ing] or interfer[ing] with the Receiver’s efforts to take control or possession of the Receivership Entities’ property interests.” *Id.* ¶¶ 4, 9.

On August 13, 2020, the Court entered an Amended Order Appointing Receiver (“Amended Receivership Order” or “ARO”), [ECF No. 141], clarifying the terms of the IRO. The ARO enjoins certain activities, including any action to dissipate Receivership Assets:

[A]ll persons and entities with direct or indirect control over any Receivership Assets and/or any Recoverable Assets, other than the Receiver, are hereby restrained and enjoined from directly or indirectly transferring, setting off, receiving, changing, selling, pledging, assigning, liquidating or otherwise disposing of or withdrawing such assets. This freeze shall include, but not be limited to, Receivership Assets and/or Recoverable Assets that are on deposit with financial institutions such as banks, brokerage firms and mutual funds.

Id. ¶ 3. The ARO also (i) prohibits parties from interfering with the Receiver’s performance of his duties or with Receivership Property¹; (ii) turns over all Receivership Property to the Receiver;

¹ The ARO defines “Receivership Property” as “all property interests of the Receivership Entities, including, but not limited to, monies, funds, securities, credits, effects, goods, chattels, lands, premises,

and (iii) authorizes the Receiver to pursue recovery of assets. *Id.* ¶¶ 15, 29–31, 43. In accordance with 28 U.S.C. § 754, the Receiver filed notices of the Receiver’s appointment under the ARO in all federal courts in which Receivership Assets were located, including in the United States District Court for the Central District of California, where Pacific Life is located. *See S.E.C. v. Complete Bus. Sols. Grp., Inc.*, No. 2:20-mc-00079, ECF No. 1 (C.D. Cal. Aug. 19, 2020).

On September 4, 2024, the Court issued an Order expanding the scope of the receivership to explicitly include ABFP MSIF and several other entities as Receivership Entities (“Expansion Order”). *See* [ECF No. 238]. The Expansion Order provided that the ARO “shall apply with equal force and effect to [ABFP MSIF] . . . as it applies to the other Receivership Entities.” *Id.* at 2–3.

On October 29, 2020, Pacific Life terminated the Policy based on insufficient funding by previous management and did not provide notice of such termination to the Receiver. *Mot.* ¶¶ 9–10. The Receiver attempted to cure the deficit by tendering \$38,266.21 to Pacific Life on November 6, 2020. *Id.* ¶ 11. On December 7, 2020, Pacific Life returned this sum to Receiver, indicating that it would not accept the tendered funds because the Policy had already been terminated. *Id.* ¶ 12. About a month later, the Receiver learned of Pacific Life’s position and sought to submit an application to reinstate the Policy. *Id.* ¶ 15. Pacific Life informed the Receiver that any application for reinstatement must be signed by the person insured under the Policy (“Insured”) with a “wet” signature. *Id.* At the time, the Insured was housed in a long-term elder care facility. *Id.* ¶ 18. Due to COVID-19 restrictions, the Receiver’s agents were prohibited from entering the facility. *Id.* ¶¶ 19–21. The Insured died on April 1, 2021, before the full abatement of COVID-19 restrictions, and the Receiver was accordingly unable to obtain the Insured’s wet

leases, claims, rights and other assets, together with all rents, profits, dividends, interest or other income attributable thereto, of whatever kind, which the Receivership Entities own, possess, have a beneficial interest in, or control directly or indirectly.” ARO ¶ 7.A.

signature. *Id.* ¶ 22. Pacific Life subsequently denied coverage under the Policy. *Id.* ¶ 23. The Receiver attempted to work with Pacific Life's customer service team, in-house counsel, and outside counsel to resolve this dispute, but was unable to come to an agreement. *Id.* at 11–12.

In sum, per the Receiver's allegations, the Receiver possessed ownership authority over the Policy under the ARO and the Expansion Order; Pacific Life received notice of the Receiver's appointment under the ARO; the Policy was a Receivership Asset or Receivership Property protected from dissipation by the ARO and the Expansion Order; and Pacific Life terminated the policy and has refused to reinstate it. This conduct, as alleged, appears to violate the ARO and the Expansion Order by dissipating and/or interfering with a Receivership Asset and/or Receivership Property. Accordingly, the Court having considered the Motion and the record, and being otherwise fully advised, it is hereby

ORDERED AND ADJUDGED as follows:

1. The Motion, [ECF No. 2127], is **GRANTED**.
2. The Receiver shall serve this Order on Pacific Life Insurance Company on or before **April 1, 2025**, and shall file notice of service on the public docket no later than **three (3) days** after accomplishing such service.
3. Pacific Life Insurance Company shall show cause as to why it should not be held in civil contempt for violating the Amended Order Appointing Receiver, [ECF No. 141], by filing a written response to the Receiver's Motion on or before **April 11, 2025**. The Receiver shall file any reply on or before **April 18, 2025**.
4. The Court will hold an evidentiary hearing on the Motion on **Tuesday, April 22, 2025 at 10:30 A.M.** The hearing will take place in Courtroom 11-2 of the Wilkie D. Ferguson, Jr. United States Courthouse, 400 North Miami Avenue, Miami, Florida 33128.

DONE AND ORDERED in Miami, Florida, this 28th day of March, 2025.

A handwritten signature in black ink, appearing to read 'Rodolfo A. Ruiz II', written over a horizontal line.

RODOLFO A. RUIZ II
UNITED STATES DISTRICT JUDGE