

Vagnozzi Settles SEC Cash-Advance Fraud Suit

Life settlement promoter Dean Vagnozzi and other defendants were accused by the SEC of selling unregistered and fraudulent securities to fund short-term small-business loans with interest rates of up to 400%.

By Donna Horowitz

Pennsylvania promoter Dean Vagnozzi, who raised money for life settlements and other investments, has settled an alleged cash-advance fraud case brought by the Securities and Exchange Commission.

Vagnozzi had been caught up in the Par Funding scheme last year in which he and other defendants were accused of selling unregistered and fraudulent securities to fund short-term small-business loans with interest rates of up to 400%.

The SEC's lawsuit, which was filed in July 2020, accused Vagnozzi, owner of A Better Financial Plan LLC in King of Prussia, Pa., of funneling investor money to twice-convicted felon Joseph LaForte and his wife, Lisa McElhone, for their company, Complete Business Solutions Group Inc., which was doing business as Par Funding.

The SEC accused Vagnozzi and the other defendants of raising almost half a billion dollars from about 1,200 investors nationwide through the fraudulent securities offerings.

A Nov. 24 order by Judge Rodolfo Ruiz II of the U.S. District Court for the Southern District of Florida in Fort Lauderdale granted the SEC's unopposed motion for entry of judgment of permanent injunction and other relief against Vagnozzi.

He will be required to disgorge ill-gotten gains, pre-judgment interest on disgorgement and a civil penalty. The interest rate will be calculated from Aug. 1, 2020, based on the Internal Revenue Service for underpayment of federal income tax.

Vagnozzi must submit a consent judgment on the disgorgement and penalty, which will be decided by the court within 90 days or by Feb. 22.

In addition, Vagnozzi will be precluded from arguing that he did not violate federal securities laws alleged in the complaint.

LaForte and McElhone similarly settled with the SEC.

Once the court decides on the disgorgement and penalties, that will clear the way for a stay of litigation to be lifted in class-action lawsuits in Pennsylvania, Delaware and Florida on behalf of Par Funding investors, according to Eric Lechtzin, an attorney with Edelson Lechtzin LLP in Newtown, Pa., who has filed the litigation.

He originally included Coventry First LLC in his lawsuit, but dismissed the life settlement provider from the case in January.

Ryan Stumphauzer, the receiver appointed to run Par Funding following the SEC suit, reported on the status of life settlements he has been managing in a Nov. 1 report to the court.

Two of the receivership entities, ABFP Multi-Strategy Investment Fund LP and ABFP Multi-Strategy Investment Fund II LP, own portfolios of policies.

Stumphauzer and his consultant, Development Specialists Inc., have been managing the portfolios, paying \$1.3 million in premiums on policies in the Multi-Strategy Fund LP. None of the policies in this fund has matured.

In the other fund, the receiver has paid \$787,096 in premiums and has been notified of eight maturities of policies with about \$5.5 million in death benefits. Stumphauzer has received proceeds for five of the policies for about \$3 million in death benefits and is awaiting payment on three policies of about \$2.5 million in death benefits.

The receiver said he has been discussing a valuation and potential purchase of the policies with a third party that he did not name.