

STATE OF NEW JERSEY
BUREAU OF SECURITIES
P.O. Box 47029
Newark, New Jersey 07101
(973) 504-3600

IN THE MATTER OF:

Complete Business Solutions Group, Inc., and
Complete Business Solutions Group, Inc. d/b/a
PAR Funding,

Respondent.

**SUMMARY CEASE
AND DESIST ORDER**

Pursuant to the authority granted to Christopher W. Gerold, Chief of the New Jersey Bureau of Securities (“Bureau Chief”), under the Uniform Securities Law (1997), N.J.S.A. 49:3-47 to -83 (“Securities Law”) and certain regulations thereunder, and based upon an investigation by the New Jersey Bureau of Securities (“Bureau”), the Bureau Chief hereby finds that there is good cause and it is in the public interest to enter this Summary Cease and Desist Order (“Order”) against Complete Business Solutions Group, Inc. and Complete Business Solutions Group, Inc. d/b/a PAR Funding (collectively “CBSG”).

The Bureau Chief makes the following findings of fact and conclusions of law:

FINDINGS OF FACT

1. CBSG, a purported small business funding company, sold and continues to offer to sell unregistered securities. Nationally, CBSG sold more than \$90 million of unregistered securities to hundreds of investors, including more than \$8 million of unregistered securities to at least twenty-nine New Jersey investors.

2. The CBSG securities were sold by unregistered agents who received commissions which varied between 5% and potentially as high as 25%, depending on the amount of interest that would be paid to the investors. As a result, millions of dollars of commissions were paid to unregistered agents, including agents in New Jersey.

3. On November 28, 2018, CBSG and the Pennsylvania Department of Banking and Securities, Bureau of Securities Compliance and Examinations (“PABOS”) entered into a Consent Order wherein the PABOS concluded that CBSG violated Pennsylvania securities laws by entering into agreements with unregistered agents to sell CBSG securities. As a result of the Consent Order, CBSG was required to pay an administrative assessment of \$499,000 to the PABOS.

A. The Respondent

4. CBSG, a Delaware Corporation headquartered in Philadelphia, Pennsylvania, is a privately owned company that purports to generate returns through investing in the factoring of receivables of small and medium businesses. CBSG further purports to have funded 2,500 clients and funded over \$600 million since 2013.

5. CBSG has never been registered with the Bureau in any capacity.

B. Sale of Unregistered CBSG Securities

6. CBSG offered and sold, and continues to offer and sell, securities as defined by N.J.S.A 49:3-49(m) in the form of Non-Negotiable Term Promissory Notes (“CBSG Notes”) and concurrent Security Agreements (“CBSG Agreement”) (together the “CBSG Securities”).

7. The CBSG Notes accrued interest on the principal amount at rates ranging from approximately 12% to 44% annually.

8. The CBSG Notes provided different interest payment terms. For example, some CBSG Notes provided that the accrued interest would be paid after twelve months. Other CBSG

Notes provided that a sum certain would be paid monthly with a balloon payment at the end of the twelve month period for the balance of the accrued, but unpaid, interest. And still others provided for monthly payments, among other terms.

9. Between April 12, 2016 and December 20, 2017 CBSG offered and sold at least forty-four CBSG Securities to at least twenty-nine New Jersey residents for a total face value of not less than \$8,715,300.

10. Nationally, between April 12, 2016 and December 20, 2017, CBSG sold over three hundred CBSG Securities with a total face value of more than \$90,000,000 to investors.

11. The CBSG Securities are not registered with the Bureau, not "federally covered," and not exempt from registration.

12. CBSG entered into "Finder's Fee Agreements" with at least sixteen persons ("Finders") to offer and sell the CBSG Securities, of which at least four of the Finders offered and sold CBSG Securities to or from New Jersey. Pursuant to such agreements, Finders received varying commissions for many but not all of their sales of the CBSG Securities.

13. The Finders were not registered with the Bureau, or exempt from registration, to offer and sell the CBSG Securities.

CONCLUSIONS OF LAW

14. CBSG Securities are "securities" as defined by N.J.S.A. 49:3-49(m).

15. CBSG is offering and selling securities that are not registered with the Bureau, not "federally covered," and not exempt from registration, in violation of N.J.S.A. 49:3-60.

16. CBSG is effecting or attempting to effect transactions in securities without registration in violation of N.J.S.A. 49:3-56.

17. CBSG employed unregistered agents, in violation of N.J.S.A. 49:3-56(h).

18. N.J.S.A. 49:3-67 empowers the Bureau Chief to issue orders that are reasonably necessary to carry out the provisions of the Law.

19. N.J.S.A. 49:3-69(a)(1) empowers the Bureau Chief to issue a cease and desist order against persons engaged in prohibited activities, directing them to cease and desist from further illegal activity or doing acts in furtherance thereof.

20. CBSG's violations are continuous and ongoing, therefore making a cease and desist order in the public interest and an appropriate remedy.

ORDER

Therefore, based upon all of the foregoing,

It is on this 27th day of December 2018 hereby **ORDERED** that:

21. CBSG and any person, employee, officer, director, entity, agent, Finder, or independent contractor under CBSG direction or control immediately CEASE AND DESIST from:

- a. offering for sale any security in New Jersey until the security is registered with the Bureau or is offered for sale pursuant to an exemption from registration under the Securities Law. This shall include additional sales to current investors, rollovers, or any extension of maturity dates of previously issued securities;
- b. acting as agents in New Jersey until each is registered with the Bureau or are acting pursuant to an exemption from registration under the Securities Law; and
- c. violating any other provisions of the Securities Law and any rules promulgated thereunder for the sale of any security in New Jersey.

22. All exemptions contained in N.J.S.A. 49:3-50 subsection (a) paragraph 9, 10, and 11 and subsection (b) are hereby **DENIED** as to CBSG.

23. All exemptions to the registration requirements provided by N.J.S.A. 49:3-56(b), N.J.S.A. 49:3-56(c) and N.J.S.A. 49:3-56(g) are hereby **DENIED** as to CBSG.

24. Nothing in this order shall preclude CBSG from paying interest and/or principal to the owners of the CBSG Securities pursuant to the terms of the CBSG Securities.



Christopher W. Gerold
Chief, New Jersey Bureau of Securities

NOTICE OF RIGHT TO HEARING

Pursuant to N.J.S.A. 49:3-69(a)(1)(i) the Bureau Chief shall entertain on no less than three days' notice a written application to lift the Order to Cease and Desist on written application of the person subject thereto and in connection therewith may, but need not, hold a hearing and hear testimony, but shall provide to the person subject thereto a written statement of the reasons for the Order to Cease and Desist.

Pursuant to N.J.S.A. 49:3-69(a)(1)(ii), upon service of notice of the Order to Cease and Desist issued by the Bureau Chief, the person subject thereto shall have up to 15 days to respond to the Bureau in the form of a written answer and written request for a hearing. The Bureau Chief shall, within five days of receiving the answer and request for a hearing, either transmit the matter to the Office of Administrative Law for a hearing or schedule a hearing at the Bureau of Securities.

Orders issued pursuant to N.J.S.A. 49:3-69 shall be subject to an application to vacate upon 10 days' notice, and a preliminary hearing on the Order shall be held in any event within 20 days after it is requested, and the filing of a motion to vacate the Order shall toll the time for filing an answer and written request for a hearing.

Pursuant to N.J.S.A. 49:3-69(a)(1)(iii), if any person subject to the Order fails to respond by filing a written answer and written request for a hearing with the Bureau or moving to vacate the order within the 15 day prescribed period, that person shall have waived the opportunity to be heard. The Order will be a Final Order and shall remain in effect until modified or vacated.

NOTICE OF OTHER ENFORCEMENT REMEDIES

You are advised that the Uniform Securities Law provides several enforcement remedies, which are available to be exercised by the Bureau Chief, either alone or in combination. These remedies include, in addition to this action revoking your registration, the right to seek and obtain injunctive and ancillary relief in a civil enforcement action, N.J.S.A. 49:3-69, and the right to seek and obtain civil penalties in an administrative or civil action, N.J.S.A. 49:3-70.1.

You are further advised that the entry of the relief requested does not preclude the Bureau Chief from seeking and obtaining other enforcement remedies against you in connection with the claims made against you in this action.