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7 Litigation Practice Group P.C.

8 **UNITED STATES BANKRUPTCY COURT**
9 **CENTRAL DISTRICT OF CALIFORNIA (SANTA ANA DIVISION)**

10
11 In re:
12 THE LITIGATION PRACTICE GROUP, PC,
13 Debtor.

Case No. 8:23-bk-10571-SC
Adv. Proc. No. 8:23-ap-01046-SC
Chapter 11

14
15 **FOURTH AMENDED COMPLAINT**
16 **FOR:**

17 RICHARD A. MARSHACK,
18 Chapter 11 Trustee,
19 Plaintiff,
20 v.
21 TONY DIAB, an individual; DANIEL S.
22 MARCH, an individual; ROSA BIANCA LOLI,
23 an individual; LISA COHEN, an individual;
24 WILLIAM TAYLOR CARSS, an individual;
25 ENG TAING, an individual; HENG TAING, an
26 individual; MARIA EEYA TAN, an individual;
27 JAKE AKERS, an individual; HAN TRINH, an
28 individual; JAYDE TRINH, an individual; WES
THOMAS, an individual; SCOTT JAMES
EADIE, an individual; JIMMY CHHOR, an
individual; DONGLIANG JIANG, an individual;
MAX CHOU, an individual; OAKSTONE LAW
GROUP PC; GREYSON LAW CENTER PC;
PHOENIX LAW, PC; MAVERICK
MANAGEMENT GROUP, LLC; LGS
HOLDCO, LLC; CONSUMER LEGAL
GROUP, P.C.; VULCAN CONSULTING

- (1) **INJUNCTIVE RELIEF;**
- (2) **AVOIDANCE, RECOVERY, AND PRESERVATION OF TWO-YEAR ACTUAL FRAUDULENT TRANSFERS;**
- (3) **AVOIDANCE, RECOVERY, AND PRESERVATION OF TWO-YEAR CONSTRUCTIVE FRAUDULENT TRANSFERS;**
- (4) **AVOIDANCE, RECOVERY, AND PRESERVATION OF FOUR-YEAR ACTUAL FRAUDULENT TRANSFERS;**
- (5) **AVOIDANCE, RECOVERY, AND PRESERVATION OF FOUR-YEAR CONSTRUCTIVE FRAUDULENT TRANSFERS;**
- (6) **TURNOVER; AND**
- (7) **NEGLIGENCE**

1 GROUP LLC; BAT INC. d/b/a COAST
2 PROCESSING; PRIME LOGIX, LLC;
3 TERACEL BLOCKCHAIN FUND II LLC;
4 EPPS; EQUIPAY; AUTHORIZE.NET; WORLD
5 GLOBAL; OPTIMUMBANK HOLDINGS,
6 INC. d/b/a OPTIMUM BANK; MARICH BEIN,
7 LLC; BANKUNITED, N.A.; REVOLV3, INC.;
8 FIDELITY NATIONAL INFORMATION
9 SERVICES, INC. d/b/a FIS; WORLDPAY,
10 LLC; WORLDPAY GROUP; MERIT FUND,
11 LLC; GUARDIAN PROCESSING, LLC;
12 PAYLIANCE, LLC; TOUZI CAPITAL, LLC;
13 SEAMLESS CHEX INC; DWOLLA, INC.;
14 STRIPE, INC.; and DOES 1 through 100,
15 inclusive,

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Defendants.

1 For his *Fourth Amended Complaint for (1) Injunctive Relief; (2) Avoidance, Recovery, and*
2 *Preservation of Two-Year Actual Fraudulent Transfers; (3) Avoidance, Recovery, and Preservation*
3 *of Two-Year Constructive Fraudulent Transfers; (4) Avoidance, Recovery, and Preservation of Four-*
4 *Year Actual Fraudulent Transfers; (5) Avoidance, Recovery, and Preservation of Four-Year*
5 *Constructive Fraudulent Transfers; (6) Turnover; and (7) Negligence* (the “Complaint”), Plaintiff
6 Richard A. Marshack, the Chapter 11 Trustee (the “Trustee” or “Plaintiff”) for the bankruptcy estate
7 (the “Estate”) of Debtor The Litigation Practice Group, PC (the “Debtor” or “LPG”) in the above-
8 captioned bankruptcy case (the “Bankruptcy Case”), alleges and avers as follows:

9 **STATEMENT OF JURISDICTION, NATURE OF PROCEEDING, AND VENUE**

10 1. This Court has jurisdiction over this action pursuant to 28 U.S.C. §§ 157(b)(2)(A), (E),
11 (H) and (O), 1334(b), and General Order No. 13-05 of the District Court for the Central District
12 of California because this is a core proceeding arising in and/or related to the Bankruptcy Case, which
13 is a case under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”), and which
14 is pending in the United States Bankruptcy Court for the Central District of California, Santa Ana
15 Division (the “Court”). Regardless of whether this proceeding is core, non-core, or otherwise, the
16 Plaintiff consents to the entry of a final order and judgment by the Bankruptcy Court. The
17 Defendants are hereby notified that Rule 7008 of the Federal Rules of Bankruptcy Procedure
18 requires defendants to plead whether consent is given to the entry of a final order and judgment by the
19 Bankruptcy Court. Venue of this adversary proceeding properly lies in this judicial district pursuant to
20 28 U.S.C. § 1409(a) because this proceeding is related to the Debtor’s pending Bankruptcy Case.

21 **THE PARTIES**

22 2. Debtor LPG is, and at all material times was, a professional corporation organized,
23 existing, and in good standing under the laws of the State of California, with its principal place of
24 business in Tustin, California.

25 3. Defendant Tony Diab (“Diab”) is, and at all material times was, an individual
26 residing in the State of California.

27 4. Defendant Daniel S. March (“March”) is, and at all material times was, an individual
28 residing in the State of California.

1 5. Defendant Eng Taing (“Eng”) is, and at all material times was, an individual residing in
2 the State of California.

3 6. Defendant Heng Taing (“Heng”) is, and at all material times was, an individual residing
4 in the State of California.

5 7. Defendant Wes Thomas (“Thomas”) is, and at all material times was, an individual
6 residing in the State of California.

7 8. Defendant Scott James Eadie (“Eadie”) is, and at all material times was, an individual
8 residing in the State of California.

9 9. Defendant Jimmy Chhor (“Chhor”) is, and at all material times was, an individual
10 residing in the State of California.

11 10. Defendant Dongliang Jiang (“Jiang”) is, and at all material times was, an individual
12 residing in the State of California.

13 11. Defendant Max Chou (“Chou”) is, and at all material times was, an individual residing
14 in the State of California.

15 12. Defendant Rosa Loli a.k.a. Rosa Bianca Loli a.k.a. Bianca Loli (“Loli”) is, and at all
16 material times was, an individual residing in the State of California.

17 13. Defendant Oakstone Law Group, PC (“Oakstone”) is, and at all material times was, a
18 professional corporation organized, existing, and in good standing under the laws of the State of
19 California, with its principal place of business in La Jolla, California.

20 14. Defendant Greyson Law Center, PC (“Greyson”) is, and at all material times was, a
21 professional corporation organized, existing, and in good standing under the laws of the State of
22 California, with its principal place of business in Costa Mesa, California.

23 15. Defendant LGS Holdco, LLC (“LGS”) is, and at all material times was, a limited liability
24 corporation organized, existing, and in good standing under the laws of the State of Delaware.

25 16. Defendant Consumer Legal Group, PC (“CLG”) is, and at all material times was, a
26 professional corporation organized, existing, and in good standing under the laws of the State of New
27 York.

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1 17. Defendant Maverick Management Group, LLC (“Maverick”) is, and at all material times
2 was, a reserved name for a limited liability corporation in the State of Wyoming. On information and
3 belief, Maverick is owned, operated and run by Loli under the direction of Diab.

4 18. Defendant Vulcan Consulting Group, LLC (“Vulcan”) is, and at all material times was,
5 a limited liability corporation organized, existing, and in good standing under the laws of the State of
6 California, with its principal place of business in Newport Coast, California.

7 19. Defendant BAT Inc. d/b/a Coast Processing (“Coast Processing”) is, and at all material
8 times was, a corporation organized, existing, and in good standing under the laws of the State of
9 California, with its principal place of business in Riverside, California. Coast Processing exercised
10 authority, control and dominion over LPG pre-petition. Coast Processing oftentimes used the name
11 Coast Processing, LLC dba LPG to open financial accounts, including those at Optimum Bank to
12 effectuate the scheme alleged herein in concert with Diab, Eng, Touzi and PECC among others.

13 20. Defendant Prime Logix, LLC (“Prime Logix”) is, and at all material times was, a limited
14 liability corporation organized, existing, and in good standing under the laws of the State of Wyoming,
15 with its principal place of business in Long Beach, California. On information and belief, Prime Logix
16 is owned operated and/or run by Loli under the direction of Diab.

17 21. Defendant EPPS (“EPPS”) is, and at all material times was, a corporation organized,
18 existing, and in good standing under the laws of the State of California.

19 22. Defendant EquiPay, LLC (“EquiPay”) is an ACH processor.

20 23. Defendant World Global (“World Global”) is an ACH processor.

21 24. Defendant Merit Fund LLC (“Merit Fund”) is, and at all material times was, a limited
22 liability corporation organized, existing, and in good standing under the laws of the State of California,
23 with its principal place of business in Torrance, California.

24 25. Defendant OptimumBank Holdings, Inc. d/b/a Optimum Bank (“Optimum Bank”) is,
25 and at all material times was, a bank holding company, with its principal place of business in Fort
26 Lauderdale, Florida.

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1 26. Defendant Revolv3, Inc. (“Revolv3”) is, and at all material times was, a limited liability
2 corporation organized, existing, and in good standing under the laws of the State of Delaware, with its
3 principal place of business in Laguna Beach, California.

4 27. Defendant Fidelity National Information Services, Inc. d/b/a FIS, including but not
5 limited to its subsidiaries Worldpay, LLC, Worldpay Group or any other subsidiaries providing ACH
6 processing services (“FIS”).

7 28. Defendant Guardian Processing, LLC (“Guardian”) is, and at all material times was, a
8 limited liability corporation organized, existing, and in good standing under the laws of the State of
9 Wyoming, with its principal place of business in Sheridan, Wyoming.

10 29. Defendant Payliance, LLC (“Payliance”) is and, at all material times was, a limited
11 liability company organized and existing under the laws of the State of Ohio, with its principal place
12 of business in Columbus, Ohio.

13 30. Defendant Touzi Capital, LLC (“Touzi”) is, and at all material times was, a limited
14 liability company organized and existing under the laws of the State of California, with its principal
15 place of business in Walnut, California. Touzi is owned, controlled and managed by Eng. Touzi and
16 PECC, Corp. share the same office in Walnut California, located at 340 South Lemon Avenue, Unit
17 8284 Walnut, California 91789.

18 31. PECC Corp. (“PECC”) is, and all material times was, a Delaware Corporation registered
19 and licensed to do business in the State of California, with its principal place of business listed in
20 Walnut, California. PECC Corp. is owned, controlled and managed by Eng, who is also listed as PECC
21 Corp.’s agent for service of process. PECC and Touzi share the same office in Walnut, California,
22 located at 340 South Lemon Avenue, Unit 8284, Walnut, California 91789.

23 32. Defendant Teracel Blockchain Fund II, LLC (“Teracel”) is, and at all material times was,
24 a limited liability corporation organized, existing, and in good standing under the laws of the State of
25 Delaware. On information and belief, Teracel is owned, managed and controlled by Eng, Touzi and/or
26 PECC.

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1 33. Defendant Seamless Chex, Inc. (“Seamless”) is, and at all material times was, a
2 corporation organized under the laws of the State of New York, with its principal place of business in
3 New York, New York.

4 34. Defendant Dwolla, Inc. (“Dwolla”) is, and at all material times was, a corporation
5 organized under the laws of the State of Iowa, with its principal place of business in Des Moines, Iowa.

6 35. Defendant Stripe, Inc. (“Stripe”) is, and at all material times was, a corporation organized
7 under the laws of the State of Delaware, with its principal place of business in San Francisco,
8 California.

9 **GENERAL ALLEGATIONS**

10 **A. LPG’S BANKRUPTCY CASE**

11 36. On March 20, 2023 (the “Petition Date”), the Debtor filed a voluntary petition for relief
12 under Chapter 11 of the Bankruptcy Code, commencing the Bankruptcy Case.

13 37. After the Office of the United States Trustee (the “UST”) filed the *Motion by United*
14 *States Trustee to Dismiss or Convert Case Pursuant to 11 U.S.C. § 1112(b)* [Bankr. Docket No. 21]
15 and creditors Debt Validation Fund II, LLC; MC DVI Fund 1, LLC; and MC DVI Fund 2, LLC filed
16 the *Motion by DVF and MC DVI to Dismiss Chapter 11 Case Pursuant to 11 U.S.C. §§ 105, 305, 349,*
17 *& 1112, or in the Alternative Convert This Case to Chapter 7 or Appoint a Trustee* [Bankr. Docket
18 No. 44], the Court entered the *Order Directing United States Trustee to Appoint Chapter 11 Trustee*
19 [Bankr. Docket No. 58] on May 4, 2021, thereby granting the UST’s motion and directing the UST to
20 appoint a Chapter 11 Trustee in the Bankruptcy Case.

21 38. Pursuant to the *Acceptance of Appointment as Chapter 11 Trustee* [Bankr. Docket No.
22 63; the *Order Approving Appointment* is Docket No. 65], on May 8, 2023, the Plaintiff accepted his
23 appointment as the Chapter 11 Trustee in the Bankruptcy Case, and he continues to serve in this
24 capacity at this time. The Plaintiff was not appointed until after events of the case and, therefore, bases
25 these allegations on information and belief.

26 39. The Plaintiff brings this action solely in his capacity as the Chapter 11 Trustee for the
27 benefit of the Debtor’s Estate and its creditors.

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1 **B. LPG'S OWNERSHIP AND MANAGEMENT**

2 40. After being disbarred in both California and Nevada for forging a judge's signature and
3 stealing large amounts of client funds, Diab transferred his existing debt resolution practice to LPG.
4 LPG was a law firm that provided consumer debt resolution. LPG serviced more than 50,000
5 customers across the United States, with annual revenue estimated to total \$150,000,000 in 2022.

6 41. Despite having been disbarred, Diab controlled and operated LPG since its inception.
7 Diab, however, endeavored to and did conceal his control of LPG. For example, Diab required LPG's
8 employees to call him "Admin," and the name plate on his desk reads, "I don't work here."

9 42. To pull this off, Diab rented the law license of March who, at times, masqueraded as the
10 managing partner of LPG but exercised no actual management or control. In fact, Diab sometimes
11 impersonated March and regularly signed March's signature on contracts. LPG's primary DocuSign
12 account was tied to Diab's email address, admin@lpglaw.com, where Diab signed numerous contracts
13 as March. For use of March's law license, March received an annual salary of \$600,000 or more, in
14 addition to bonuses and other forms of benefits and compensation.

15 43. March's predecessor at LPG was John Thompson. Thompson was the original sole
16 shareholder of LPG from February 2019 to November 2019 and was put in place to hide Diab's control
17 over LPG. Appreciating the wrongful conduct alleged herein, Thompson conveyed his interest in LPG
18 to March in November 2019 over concerns about his and LPG's potential liability. Similar to
19 impersonating March, Diab also impersonated Thompson on many matters, giving legal advice to
20 clients in an attorney capacity, including but not limited to signing certain Service Applications and
21 Service Agreements submitted by LPG to Credit Reporting Services, LLC, among many others.

22 **C. LPG'S BUSINESS STRUCTURE**

23 44. Historically, LPG had a business partner called Coast Processing, which was owned by
24 Brian Real, Arash Asante Bayrooti, and Diab. Coast Processing was one entity through which LPG
25 ran its in-house marketing and client development operations, among other operational functions at
26 LPG such as backend processing. LPG, however, also had a network of over 100 marketing affiliates
27 from which LPG purchased new clients. In 2021, Diab bought out the other investors in Coast
28 Processing and merged its operations with LPG, including Coast Processing's contracts with other

1 marketing affiliates. Despite Coast Processing’s operations being merged into LPG, Coast Processing
2 exists as a California corporation in good standing. At all relevant times prior to the buyout, Coast
3 Processing exercised authority, dominion and control over LPG in concert with Diab, and used the
4 dba “LPG.”

5 45. Marketing affiliates referred clients to LPG. The marketing affiliates located clients who
6 were victims of predatory lending or who were subject to claims for large debt that are not legally
7 valid under applicable law. After taking on these clients, LPG paid the marketing affiliates a
8 percentage of the fees earned through the debt resolution process in order to avoid a large upfront cost
9 and spread the risk of non-payment by the client in the future to the marketing affiliate who signed up
10 the client.

11 46. LPG clients pay fees to LPG over a period of time, ranging from 18 to 30 months, through
12 monthly debits from their bank accounts. The monthly debits were controlled by Diab, LPG, and at
13 times, as alleged herein, other entities who fraudulently initiated ACH transactions on LPG clients
14 and/or with whom Diab had control, influence and/or had conspired to use to effectuate the fraudulent
15 transfers of client files and funds as alleged herein. Each set of payments due by a client is referred to
16 as an “ACH receivable.”

17 47. Once a new client had signed up, executed the retainer and payment plan contract, and
18 provided bank ACH information, LPG was responsible for servicing the client file. To this end, LPG
19 utilized software such as DebtPayPro (“DPP”) and, more recently, cobbled together a less efficient
20 proprietary software known as LUNA to automate the dispute process, facilitate client
21 communications, and track payment information. For instance, the correspondence sent on behalf of
22 clients to creditors, collection agencies, and/or credit bureaus are automated and generic templates
23 sent via U.S. Mail, facsimile, and/or email. Some cases result in the disputed debt being corrected on
24 the client’s credit report, some result in successful challenges based on consumer protection laws, and
25 others result in debt settlement, which the client is responsible to pay in addition to the payment plan.
26 In limited instances, LPG will file a lawsuit in an effort to eliminate a disputed debt. Creating
27 proprietary systems such as LUNA also facilitated Diab’s scheme and LPG’s fraudulent transfers of
28 client files, ACH information, and ACH debit processing to Phoenix; Prime Logix; Greyson; CLG;

1 Oakstone; Touzi; Eng; Teracel; PECC; and Guardian among others as alleged herein.

2 48. Because LPG and its marketing affiliates received only incremental payments over a
3 period of time, LPG would often sell the future cash flow to investors, often times referred to as
4 factoring companies, at a discounted rate. The factoring companies that bought the ACH receivables
5 on account of these files often times received a return equal to the difference between the amount the
6 clients owe on the file and the amount the buyer paid for the file or a percentage thereof. LPG sold
7 ACH receivables and client files in this fashion in order to defraud creditors in a pyramid scheme and
8 for improper personal gain. As alleged herein, Diab and LPG sold ACH receivables in such a manner,
9 often times selling the same ACH receivables to multiple entities including Touzi, PECC, Teracel and
10 Eng, among others, in order to defraud creditors, pay prior creditors in a pyramid scheme and/or
11 abscond with the proceeds of such fraudulent transfers.

12 49. The largest factoring company to have purchased accounts receivable on account of
13 LPG's files is Validation Partners, LLC ("Validation Partners"). Between August 30, 2021 and August
14 17, 2022, Validation Partners spent \$66,000,000 to purchase accounts receivable from LPG and 58 of
15 LPG's marketing affiliates. In total, Validation Partners purchased over 40,000 accounts from LPG
16 and its affiliates with a total value greater than \$400,000,000.

17 **D. DIAB'S SCHEME**

18 50. Diab and his co-conspirators, including Loli, Eng, Touzi, Teracel and PECC among
19 others, caused thousands of LPG client files and/or their associated ACH receivables to be fraudulently
20 transferred, sold or both, and in many instances transferred and/or sold several times over, to factoring
21 companies, alter egos, and others. Diab and others implemented and facilitated such a scheme in order
22 to hide and hinder the discovery of LPG assets and abscond with as much value and money they could
23 squeeze out of LPG client files and associated ACH receivables in order to shield said funds against
24 the mounting number of creditor lawsuits being filed against LPG.

25 51. All and/or a substantial portion of LPG client files and ACH receivables were transferred
26 and/or sold and resold to avoid and defraud its creditors, hide, hinder and abscond with client files and
27 ACH funds without any knowledge or consent by LPG creditors or clients. Yet, thousands of files
28 have been doubly sold in this manner, effectuating Diab and Eng's Ponzi scheme to defraud creditors.

1 **E. DIAB’S CONTROL OVER LPG’S PAYMENT PROCESSING**

2 52. LPG’s monthly revenue from client files is primarily received via ACH payments. In
3 order to process ACH payments, LPG is required to enlist the services of ACH payment processing
4 companies who handle high risk transactions. In this regard, Diab has enlisted numerous ACH
5 processing companies¹ in order to easily switch between different vendors and quickly transfer
6 millions of dollars of LPG funds to entities he controls, including but not limited to Vulcan, Prime
7 Logix, and/or Coast Processing, generally in less than three days from an ACH pull, without oversight
8 and detection and to avoid payment disputes and complications with the vendor itself. Notably, LPG
9 does not have service contracts with EPPS or Marich Bein, among potential others who have processed
10 the majority of LPG’s ACH payments. The side deals between Diab and Marich Bein, created to avoid
11 a lawsuit against LPG, evidences Diab’s continued influence and control over the companies
12 processing LPG and its Alter Egos’ ACH EFTs – property of the Estate.

13 53. LPG’s monthly gross revenue from receipt of client payments has, pre-petition, ranged
14 between \$8.4 million to \$11.2 million per month from May 2022 through September 2022. It is
15 estimated that, as of the Petition Date, the current monthly revenue from client accounts that are
16 serviced exceed \$15 million dollars per month. Notwithstanding LPG’s substantial monthly revenue
17 and relatively low pre-petition monthly expenses (ranging between \$2.3 to \$3.4 million at the end of
18 2022), LPG was not accumulating any cash on hand and claimed to have only \$4,500 in its bank
19 account on the Petition Date.

20 **F. LPG’S PREPETITION CREDITORS**

21 54. In addition to the financing provided by factoring companies, LPG obtained financing
22 directly from other sources. Both of these sources of financing, having lent hundreds of millions of
23 dollars to LPG, are among the creditors scheduled by the Debtor.

24 55. On the Debtor’s Schedule D [Bankr. Docket No. 33], the Debtor listed three secured
25 creditors – (a) Diverse Capital, LLC with a claim in the amount of \$1,224,810, (b) City Capital NY

26 ¹ The ACH processing companies LPG uses and which Diab controls include, but are not limited to,
27 to, EPPS; EquiPay; Merit Fund; Authorize.net; World Global; Optimum Bank; BankUnited; Marich
28 Bein; Revolv3; FIS; Guardian; and/or any entity associated with the ACH identification transaction
“LPG 949-226-6262 #5 2363 RT 9 TOMS RIVER NJ 0875” or any such substantially similar ACH
identification transaction.

1 with a claim in the amount of \$2,950,000, and (c) Fundura Capital Group with a claim in the amount
2 of \$2,100,000 (together, the “Secured Creditors”) – with secured claims totaling \$6,274,810.

3 56. In addition, on the Debtor’s Schedule E/F [Bankr. Docket No. 33], the Debtor scheduled
4 11 unsecured creditors with priority unsecured claims totaling \$374,060.04. These priority unsecured
5 creditors include Indiana Department of Revenue, Washington Department of Labor and Industries,
6 Arizona Department of Economic Security, Arkansas Department of Finance and Administration,
7 California Franchise Tax Board, Georgia Department of Labor, Internal Revenue Service, Mississippi
8 Department of Revenue, Nevada Department of Taxation, Utah State Tax Commission, and Wisconsin
9 Department of Revenue (collectively, the “Priority Unsecured Creditors”).

10 57. Another group of creditors that the Debtor listed on its Schedule E/F [Bankr. Docket No.
11 33] are nonpriority unsecured creditors. Those 58 creditors have scheduled claims totaling
12 \$141,439,158.05 and include Ajilon; Anthem Blue Cross; Azevedo Solutions Groups, Inc.; Carolina
13 Technologies & Consulting Invoice; Collaboration Advisors; Credit Reporting Service Inc.; CT
14 Corporation – Inv.; Debt Pay Pro; Document Fulfillment Services; EnergyCare, LLC; Exela Enterprise
15 Solutions; First Legal Network, LLC; GHA Technologies Inc.; Harrington Electric, Inc.; Imagine
16 Reporting; Juize, Inc.; Krisp Technologies, Inc.; Liberty Mutual; Marc Lemauviel – Allegra;
17 MarkSYS Holdings, LLC; Netsuite-Oracle; Pitney Bowes; Rapid Credit, Inc.; SBS Leasing A
18 Program of De Lage Landen; Security Solutions; Sharp Business Systems; Streamline Performance,
19 Inc.; Thomson Reuters; Twilio, Inc.; Nationwide Appearance Attorneys; Executive Center, LLC;
20 Outsource Accelerator, Ltd.; TaskUs Holdings, Inc.; Marich Bein, LLC; Validation Partners; MC DVI
21 Fund 1, LLC; MC DVI Fund 2, LLC; Debt Validation Fund II, LLC; Tustin Executive Center;
22 LexisNexus; JP Morgan Chase; Business Centers of America; Michael Schwartz; Anibal Colon Jr.;
23 Kathleen Lacey; David Ulery; Kimberly Birdsong; Kevin Carpenter; Karen Suell; Gloria Eaton;
24 Carolyn Beech; Debra Price; Kenneth Topp; Darcey Williamson, Trustee; James Hammett; Johnny
25 Rizo; Beverly Graham; Kathleen Scarlett; and Geneve and Myranda Sheffield (collectively, the
26 “Nonpriority Unsecured Creditors” and, together with the Secured Creditors and Priority Unsecured
27 Creditors, the “Prepetition Creditors”).

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1 **G. LOLI AIDED DIAB IN PERPETUATING HIS FRAUDULENT SCHEME**

2 58. Prior to the fraudulent transfers, Loli worked closely with Diab at LPG.

3 59. In or around June 2022, LPG started to receive threats of litigation and cease and desist
4 letters from LPG creditors, including but not limited to Validation Partners, LLC. In order to separate
5 LPG client files from ACH revenue and protect Diab's revenue stream, Loli and Diab formed Prime
6 Logix in or around May and June 2022. On information and belief, Prime Logix' primary function
7 was intended to initiate, process and receive funds from LPG's client ACH transactions. Prime Logix
8 would then transfer funds as needed to LPG, ensuring that LPG had minimal assets creditors could
9 attach, enforce a judgment or otherwise use to satisfy LPG's debt obligation.

10 60. In or around October 2022, Loli was involved in making sure Diab remained hidden
11 behind the scenes and that his name was removed and kept off all files being transferred or intended
12 to be transferred to other entities, including but not limited to emails instructing attorneys not use the
13 name "Tony D" on any files, file notes in DPP or otherwise. Instead, employees were instructed to use
14 "Atty" or "General Counsel."

15 61. In or around January 2023, after creditors had filed suit and were seeking the
16 appointment of a receiver over LPG, Diab began to implement his scheme to fraudulently transfer
17 LPG's client files and ACH revenue with the assistance of Loli, Han Trinh² ("Han"), Jayde Trinh
18 ("Jayde") and Reid Wood ("Wood") among others as alleged herein. To that end, Diab, Loli, Han,
19 Jayde and Eng, among others alleged herein, created entities including Phoenix, Oakstone, Greyson,
20 Guardian Processing, Maverick Management among other entities as alleged herein. During the
21 fraudulent transfer period, Loli had knowledge of, aided, conspired, and was complicit with Diab in
22 using and transferring LPG assets including client files, ACH receivables, funds and other LPG assets
23 and proprietary information to Phoenix, Oakstone, Guardian, Greyson, Consumer Legal Group and
24 Gallant Law Group, among other fraudulent transferee entities alleged herein.

25 62. In or around January 2023, Diab and Loli further formed Maverick to manage the funds,
26 payments and transfer of funds between the fraudulent transferee entities and eventually be the
27

28 ² Due to multiple individuals having the same last name, first names are being used to avoid any
confusion. No disrespect is intended to any individual or party.

1 successor to Prime Logix in controlling all ACH processing and funds for all or some of the newly
2 created fraudulent transferee entities.

3 63. In addition to running Prime Logix, which controlled the receipt of funds, Loli was also
4 charged with running Maverick who controlled the distribution of LPG funds. In essence, Loli was
5 Diab's gatekeeper for his golden goose, ACH funds. Per Diab's instructions in written
6 communications, without Loli's approval, none of LPG's funds were to be sent out. In this regard,
7 even when the accounting department at Maverick was required to make payments and send wires out
8 to cover liabilities that needed to be paid to avoid disruption at Greyson, Phoenix or other entities
9 without Loli's authorization, Diab reprimanded the employee insisting that no payment be made under
10 any circumstances until Loli approves. On information and belief and based on the foregoing, the
11 purpose of Diab and Loli's work flow was to ensure: 1) LPG funds were separated from operations
12 leaving the entities minimally capitalized; and 2) that sufficient LPG funds in these separated bank
13 accounts to cover debt obligations, including payments to affiliates for all the entities Diab, Han, Jayde
14 and others had created.

15 64. In her role at Prime Logix, Loli was in charge of and complicit with Diab in all fraudulent
16 transfers of LPG client files, ACH receivables and funds including post-petition ACH draws against
17 LPG client accounts through Revolv3, among other ACH processing platforms and NACHA approved
18 banks. Loli intentionally transferred LPG client files, ACH receivables and funds to Prime Logix,
19 among other entities. Loli negligently failed to ensure that all clients whose files and ACH receivables
20 were transferred to and/or processed by Prime Logix provided written authorization for not only the
21 transfer of their file but also written authorization for Prime Logix to initiate the ACH transactions on
22 their account or credit cards.

23 65. In her role at Maverick, Loli was the gatekeeper charged by Diab with approving all
24 fraudulent transfers of LPG funds from Prime Logix, among other bank accounts, to the proper
25 fraudulent transferees, affiliates and creditors.

26 66. Loli's efforts to aid Diab, however, went beyond fraudulently transferring LPG and
27 Estate funds. Loli was also involved in and assisting Diab, Han and Jayde, among others, in ensuring
28 LPG's most valuable assets according to Diab, employees and attorneys, signed on with Diab's new

1 entities including Greyson, Phoenix, Oakstone and Guardian Processing among others. To this end,
2 Loli recruited prior LPG employees in critical roles including attorneys and “settlement officers.” On
3 information and belief and based on statements made by former LPG employees, Loli, Diab, Han and
4 Jayde, among others, have access to and are using copies of the ACH data, client file data and other
5 LPG proprietary data that the Preliminary Injunction prohibited them from accessing and using in
6 order to accomplish Diab’s scheme to defraud creditors and harm LPG’s Estate and rebuild LPG under
7 the rouse of competition.

8 67. On information and belief, Loli is now aiding, assisting and/or heading a new entity or
9 entities, including but not limited to Legacy Law Partners, LLC as part of Diab’s scheme designed to
10 and causing harm to LPG’s Estate in an effort to recapture LPG’s ACH revenue through fraud,
11 misappropriation of LPG assets, proprietary information and client data.

12 68. Loli has received substantial assets, compensation and other benefits belonging to LPG
13 as a result of her involvement in Diab’s fraudulent scheme to transfer LPG client files, funds, assets
14 and proprietary information. As a proximate cause of the wrongful conduct alleged herein, LPG’s
15 Estate and creditors have suffered substantial damages to which Trustee is entitled to and seeks to
16 recover, jointly and severely, all damages, jointly and severely against Loli as an accomplice and co-
17 conspirator with Diab.

18 **H. FRAUDULENT TRANSFERS AND DOUBLE PULLS BY DEFENDANTS TOUZI,**
19 **ENG, AND TERACEL**

20 69. Eng, Touzi, Teracel and PECC, all of which are controlled by Eng, were in business with
21 and acting in concert with Diab as early as 2021, if not earlier, pursuant to bank records produced by
22 Optimum Bank showing hundreds of thousands of dollars being transferred from LPG to Touzi and
23 PECC.

24 70. After selling ACH receivables to Validation Partners and other factoring companies,
25 discussed above, Diab caused LPG to sell receivables to a number of different entities at the direction
26 of Eng, including Touzi, Teracel and PECC, entities Eng owned, controlled and dominated. To wit, at
27 the first meeting of creditors, Tony Diab testified under oath that Eng, who owned PECC, had been
28 “pushing for these files to be moved to a different entity.” Mr. Diab said that Eng was pushing for

1 this action given the pending lawsuits against the Debtor. As a result of these discussion, Mr. Diab
2 testified “we essentially agreed in January that we would move them [the files] to the destination that
3 we chose[.]” The result of this agreement was the execution of certain Finance Agreement and
4 Statements, the creation of Oakstone Law Group, PC, which was intended to house and service those
5 files identified in the Finance Agreement, transfers to Teracel, PECC and others.

6 71. Approximately 719 files transferred for \$2,070,000 to Teracel, an entity owned,
7 controlled and operated by Touzi, which is headed by Eng and his brother Heng, and for purposes of
8 this Complaint, alter egos of one another including PECC, Touzi and Teracel. Out of the 719 files
9 purchased by Teracel, 643 of those files had already been purchased by Validation Partners. All of
10 these files were sold and resold without Validation Partners nor the client’s knowledge or consent.
11 Despite LPG never receiving a payment from Teracel for the purchase of these client files, the ACH
12 receivables associated with those files are being paid out directly to Teracel, which is controlled,
13 dominated and managed by Eng, Touzi and/or PECC and each of them.

14 72. Diab further caused client files to be sold for either no and/or little or inadequate
15 consideration, to PECC, Eng and/or Touzi. By and through Eng, Touzi and Guardian, Defendants
16 PECC, Eng, Touzi and/or Teracel have initiated and retained funds resulting from LPG client ACH
17 transactions processed by Payliance pre and post-petition, including but not limited to approximately
18 \$551,893.42 in ACH transactions as listed in Invoice No. 230602030241-389051, Invoice Date June
19 15, 2023 for the Invoice Period, post-petition from May 1, 2023 to May 31, 2023 for which Payliance
20 charged approximately \$13,140.40 to process. Notably, the Payliance account used to process these
21 fraudulent ACH transactions is in both Guardian and Eng’s name and are identified in the client’s
22 bank statements as Touzi.

23 73. According to the Declaration of Christine Le [Dkt. No. 159-1] and exhibits attached
24 thereto, between late April and May 2023 and at all relevant times alleged above, Phoenix began
25 receiving complaints from LPG clients indicating that their monthly ACH payments were being taken
26 out twice (double pulls) causing the client’s bank account to go negative and incur overdraft fees
27 among other charges. These LPG clients indicated Touzi and Guardian had both taken monthly
28 payments from their bank account in identical amounts. One LPG client reported his account had been

1 debited four times in one month. Phoenix tracked these double pull complaints by Touzi, Eng, Teracel
2 and Guardian in the chart attached as Exhibit A-1 to the Declaration of Christine Le [Dkt No. 159-1].
3 Phoenix tracked over 50 different complaints from LPG clients being double pulled totaling
4 approximately \$35,805.76 in fraudulent double pulls that Phoenix was made aware of. This does not
5 include double pulls that were not reported. Phoenix, and therefore the Debtor's Estate, reimbursed
6 many of these clients using Estate assets, however, approximately \$16,660.16 in double pulls and over
7 draft fees Phoenix was made aware of have not been credited or reimbursed to the clients harmed by
8 such conduct. On information and belief, the conduct alleged above by Eng, Touzi, Teracel and
9 Guardian have and continue to result in double pulls that have not been reported to Phoenix or
10 otherwise. Further, on information and belief, the Guardian account initiating the double pulls
11 complained of by LPG clients to Phoenix, is and at all relevant times was, the same account invoiced
12 by Payliance above and therefore under Eng's control who, as an alter ego of his many corporate
13 forms, is responsible for the harm caused.

14 74. Trustee has demanded the return of the client files, ACH receivables and funds held by
15 PECC, Touzi, Eng, Guardian and Teracel. To date, these defendants refuse to turnover property of the
16 Estate and as ordered in the Court's June 23, 2023 Preliminary Injunction [Dkt No. 70], including the
17 \$551,893.42 in ACH receivables initiated post-petition and an additional pre-petition \$40,000, among
18 other funds, client files and ACH information.

19 75. Despite not paying for LPG client files, Touzi, PECC and/or Teracel continue to process
20 duplicate ACH electronic funds transfers in their own name and/or in the name of Eng, Guardian
21 and/or Oakstone via ACH payment processors, most recently to include but not limited to Payliance.
22 Trustee is informed and believes and based thereon alleges that Touzi, Eng, Teracel, PECC and/or
23 Oakstone may also be using additional payment processors including, but not limited to: (i) Paynote
24 by Seamless; (ii) Dwolla; (iii) Stripe; and/or (iv) ACH processing accounts held by other entities
25 named herein.

26 **I. FURTHER FRAUDULENT TRANSFERS AND CONVEYANCES TO ALTER EGOS**
27 **AND OTHER ENTITIES**

28 76. In addition to diverting millions of dollars to third parties as alleged herein, Diab has

1 transferred LPG's entire business to new law firms free of LPG's obligations to its creditors. These
2 new law firms are alter egos of the Debtor and include Oakstone and Phoenix (collectively, the "Alter
3 Egos"). As he did with LPG, Diab controls and operates the Alter Egos, despite them being nominally
4 owned by licensed attorneys from which Diab "rented" their license to practice law in return for
5 unsustainable salaries.

6 77. In addition to fraudulent client file and ACH receivable transfers to the Alter Egos,
7 described above, Trustee is informed and believes and based thereon alleges that Diab sold with little
8 or no consideration or fraudulently transferred additional LPG client files to Greyson and CLG without
9 client consent in exchange for a right to receive a percentage of the revenue stream generated by those
10 files (the "Fraudulent Transferees").

11 78. In an effort to make LPG appear insolvent, in February 2023, Diab purchased a shell
12 corporation and the website domain phoenixlaw.co and registered the business with the Better
13 Business Bureau. Similarly, around the same time, Diab set up Oakstone with his business partner
14 Wes Thomas, to run LPG's business through these new entities. Diab's actions are contrary to his
15 testimony at the 341(a) meeting of creditors where Diab testified that LPG was not able to afford to
16 service the same clients through LPG.

17 79. At or around the Petition Date, Diab admitted that LPG had transferred or sold
18 approximately 15,000 client files to Oakstone (approximately \$4.2 million in revenue), 12,000 files to
19 CLG (approximately \$3.3 million in revenue), and the remaining files, approximated at slightly less
20 than 40,000, to Phoenix (approximately \$11.2 million in revenue). Neither LPG nor Diab obtained
21 consent prior to fraudulently transferring the client files to these alter egos and/or fraudulent
22 transferees. LPG does not have an executed assignment contract for any of the transferred client files
23 to Alter Egos and other entities. As alleged herein, however, client files and ACH receivables were
24 transferred and/or sold and resold to other Defendants, including but not limited to Teracel and PECC,
25 among others in furtherance of Diab's scheme to defraud creditors, hide and abscond with LPG assets,
26 namely the value of monthly ACH receivable income.

27 80. Diab, Loli, Han, Jayde and the same group of partners that ran LPG, post-petition,
28 syphoned off money through these new Alter Egos, using LPG's ACH processing accounts at FIS that

1 identify “Tony Diab” as the user of the account and LPG as the merchant account holder. LPG’s FIS
2 account indicates that, from March 28, 2023 through May 19, 2023, Diab netted between \$6 million
3 and \$9.3 million dollars and transferred such funds to LPG’s Alter Egos or Fraudulent Transferees
4 from this one ACH processing company alone.

5 81. Further, Diab, Loli, Han, Jayde, Eng, Heng, and/or Touzi have used other ACH
6 processing companies including Payliance (using a Guardian merchant account), among others, to
7 process and transfer property of the Estate through Diab’s network of Alter Egos and Fraudulent
8 Transferees, discussed above. With this money, Diab has made payroll from an account held by
9 Vulcan. Clients who requested a refund after their file was transferred to Phoenix were refunded by
10 and through an account held by Prime Logix. Diab and Loli among others have used LPG’s Alter Egos
11 and Fraudulent Transferees to re-direct LPG funds for his own personal gain and avoid the protections
12 afforded creditors and the Estate under the Bankruptcy Code. Collectively, the client files, ACH
13 receivables and income received therefrom, and funds transferred to Defendants, the Alter Egos and
14 Fraudulent Transferees, are collectively referred to herein as the “Transfers.”

15 **J. THE SALE OF LPG’S ASSETS**

16 82. On July 7, 2023, Richard Marshack in his capacity as the Chapter 11 Trustee moved the
17 Court for an order (A) Approving Sale, Subject to Overbid, of Assets Free and Clear of All Liens,
18 Claims, Encumbrances and Interests Pursuant to 11 U.S.C. § 363(b) and (B) Approving Assumption
19 and Assignment of Certain Executory Contracts and Unexpired Leases and Other Agreements (“Sale
20 Motion”) [Bankr. Docket No.191]. After supplemental briefing, addressing multiple oppositions,
21 holding a lengthy hearing and auction wherein Morning Law Group was the highest bidder, the Court
22 granted the Sale Motion entered August 2, 2023 (“Sale Order”) [Bankr. Docket No. 352].

23 **FIRST CLAIM FOR RELIEF**

24 **INJUNCTIVE RELIEF**

25 **(Against All Defendants)**

26 83. Plaintiff realleges and incorporates herein by reference each and every allegation
27 contained in Paragraphs 1 through 82 as though set forth in full.

28 84. Plaintiff requests that this Court maintain and enforce its preliminary injunction [Dkt No.

1 70] enjoining Defendants and each of them from interfering with any ACH Transfer being executed
2 pursuant to documents authorizing such transfers to be executed in favor of LPG.

3 85. Plaintiff also requests that this Court maintain and enforce its preliminary injunction [Dkt
4 No. 70] prohibiting interference with any ACH Transfer being executed pursuant to documents
5 authorizing such transfers to be executed in favor of LPG.

6 86. Plaintiff also requests that this Court maintain and enforce its preliminary injunction [Dkt
7 No. 70] prohibiting Prime Logix, Maverick and Greyson, Diab, Loli and any other person or entity
8 acting with or in concert with them, including, but not limited to, any staff or other attorneys or
9 employees (including, without limitation Han or Jayde who have been dismissed from the Complaint
10 [Dkt No. 219] but remain bound by the Court’s preliminary injunction [Dkt. 70]) from accessing or
11 attempting to access: (1) LPG client files and/or information whether stored electronically or in
12 hardcopy, except as ordered by the Court and/or agreed to by the Chapter 11 Trustee; and (2) LUNA,
13 any other customer relationship management (“CRM”) software on which LPG client information,
14 including without limitation the LPG client information subject to the above-described Transfers – is
15 stored; (3) LPG’s electronic mail (“email”) accounts, including but not limited those hosted by
16 Microsoft 365; (4) LPG’s Netsuite account with Oracle; (5) LPG’s Airtable account with Formgrid;
17 and (6) LPG’s QuickBooks account.

18 87. Plaintiff also requests that this Court maintain and enforce its preliminary injunction [Dkt
19 No. 70] prohibiting Prime Logix, Maverick and Greyson, Diab, Loli and any other person or entity
20 acting with or in concert with them, including, but not limited to any staff or other attorneys or
21 employees (including, without limitation Han or Jayde who have been dismissed from the complaint
22 [Dkt. No. 219] but remain bound by the Court’s preliminary injunction [Dkt. 70]) from interfering
23 with Plaintiff’s administration of the Estate or property of the Estate, without limitation. Without
24 limitation on the foregoing, Greyson may continue to process ACH electronic funds transfers for the
25 48 client files specifically identified by Plaintiff, provided that all of pre- and post-petition payroll
26 obligations of Greyson, without limitation, must be made by Greyson alone and without any
27 contribution from ACH electronic funds transfers derived from any source other than the 48 client
28 files specifically identified by Plaintiff.

1 88. Plaintiff also requests that this Court maintain and enforce its preliminary injunction
2 [Dkt. No. 70] prohibiting Prime Logix, Oakstone, Touzi, Eng, Heng, Payliance, Seamless, Dwolla,
3 Stripe, Maverick, Diab, Loli and any other person or entity acting with or in concert with them,
4 including, but not limited to any staff or other attorneys or employees from accessing or attempting to
5 access any ACH electronic funds transfers obtained from LPG client files subject to the above-
6 described Transfers.

7 **SECOND CLAIM FOR RELIEF**

8 **AVOIDANCE, RECOVERY, AND PRESERVATION OF TWO-YEAR ACTUAL**
9 **FRAUDULENT TRANSFERS**

10 **(Against All Defendants)**

11 **[11 U.S.C. §§ 548(a)(1)(A), 550, and 551]**

12 89. Plaintiff realleges and incorporates herein by reference each and every allegation
13 contained in Paragraphs 1 through 88 as though set forth in full.

14 90. On or after the date that such Transfers were made, entities to which the Debtor was
15 indebted include the Prepetition Creditors.

16 91. The source of the client files, ACH receivables, and funds that are the subject of the
17 Transfers are that of the Debtor.

18 92. Diab and Loli, among others named herein, retained possession and control of the client
19 files, ACH receivables, and funds transferred to the Alter Egos and Fraudulent Transferees or
20 elsewhere after the Transfers.

21 93. By creating several entities including the Alter Egos and transferring client files, ACH
22 receivables, and funds to such entities, Diab endeavored to conceal the files, ACH receivables, funds,
23 and Transfers, including those to the Fraudulent Transferees.

24 94. Diab and Loli, among others named herein, made the Transfers, including those to PECC,
25 Teracel, Touzi, Eng and/or Heng, among others as alleged herein, after LPG faced multiple lawsuits
26 including those initiated by factoring companies. Validation Partners initiated a lawsuit on September
27 20, 2022 (Case No. 30-2022-01281911-CU-BC-CXC) in the Superior Court of California, County of
28 Orange. DVF II also filed a lawsuit on January 23, 2023 (Case No. 30-2023-01303355-CU-CO-CXC)

1 in the Superior Court of California, County of Orange. Notably, the lawsuits sought the appointment
2 of a receiver to perform many of the same duties of the Trustee and obtain information, an accounting
3 of LPG funds, assets and ACH receivables and maintain the status quo, among other relief, pending
4 the outcome of the litigation.

5 95. The client files, ACH receivables, and funds that were subject to the Transfers constitute
6 substantially all of the Debtor's non-exempt property. In other words, the Transfers were of
7 substantially all of the Debtor's assets.

8 96. The Transfers were made by Diab and Loli, among others named herein, to insiders, Alter
9 Egos of the Debtor that are and/or were at all relevant times under Diab's control and the Fraudulent
10 Transferees.

11 97. In addition, a substantial portion of LPG's client files and ACH receivables were
12 transferred to multiple Defendants in order to defraud creditors, and to hide, hinder and abscond with
13 LPG assets. This resulted in double pulls on client files causing harm not only to Debtor's Estate but
14 the individual clients themselves, which in turn diminished the Debtor's Estate through loss of clients.

15 98. In addition, the Debtor received little to no consideration for the Transfers and/or double
16 Transfers.

17 99. The Transfers left the Debtor insolvent. The Debtor scheduled \$141,813,219.09 in total
18 debt to Prepetition Creditors. However, without the client files, ACH receivable, and funds, the
19 Transfers left the Debtor with approximately \$12,186,500 in assets of which approximately
20 \$12,000,000 was and currently is being held by Defendant Marich Bein. With all assets and future
21 receivables being transferred out of LPG and with no income stream, LPG filed for bankruptcy
22 protection

23 100. Thus, the Transfers were made with actual intent to hinder, delay, or defraud creditors of
24 the Debtor.

25 101. The Transfers of the Debtor's client files, ACH receivables, and funds occurred within
26 the two years prior to the Petition Date.

27 102. Accordingly, the Transfers that Diab and Loli, among others named herein, caused the
28 Debtor to make should be avoided as fraudulent under 11 U.S.C. § 548(a)(1)(A), and such property,

1 or the value thereof, should be recovered and preserved for the benefit of the Estate pursuant to 11
2 U.S.C. §§ 550 and 551.

3 **THIRD CLAIM FOR RELIEF**

4 **AVOIDANCE, RECOVERY, AND PRESERVATION OF TWO-YEAR CONSTRUCTIVE**
5 **FRAUDULENT TRANSFERS**

6 **(Against All Defendants)**

7 **[11 U.S.C. §§ 548(a)(1)(B), 550, and 551]**

8 103. Plaintiff realleges and incorporates herein by reference each and every allegation
9 contained in Paragraphs 1 through 102 as though set forth in full.

10 104. At the time of the Transfers, the Debtor received less than reasonably equivalent value
11 in exchange for the Transfers.

12 105. In many cases, the Debtor received no consideration for the Transfers.

13 106. In addition, a substantial portion of LPG's client files and ACH receivables were
14 transferred to multiple Defendants in order to defraud creditors, and to hide, hinder and abscond with
15 LPG assets. This resulted in double pulls on client files causing harm not only to Debtor's Estate but
16 the individual clients themselves, which in turn diminished the Debtor's Estate through loss of clients.

17 107. As alleged herein, the Transfers left the Debtor insolvent. The Debtor scheduled
18 \$141,813,219.09 in total debt to Prepetition Creditors. However, without the client files, ACH
19 receivable, and funds, the Transfers left the Debtor with approximately \$12,186,500 in assets and no
20 income stream; virtually none of those alleged \$12,186,500 assets have been turned over to the Trustee
21 despite repeated request for same.

22 108. On or after the date the Transfers were made, the Debtor was not paying debts to the
23 Prepetition Creditors including Validation Partners and DVF II as they came due.

24 109. Thus, at the time of the Transfers, or as a result thereof, the Debtor either:

25 a. was insolvent on the date the Transfers were made, or became insolvent as a result
26 thereof;

27 b. was engaged or was about to engage in a transaction for which any property
28 remaining with the Debtor was of unreasonably small capital;

1 c. intended to incur, or believed that it would incur, debts beyond its ability to pay
2 as such debts matured.

3 110. The Transfers of the Debtor's client files, ACH receivables, and funds occurred within
4 the two years prior to the Petition Date.

5 111. Accordingly, the Transfers that Diab and Loli, among others named herein caused the
6 Debtor to make should be avoided as fraudulent under 11 U.S.C. § 548(a)(1)(B), and such property,
7 or the value thereof, should be recovered and preserved for the benefit of the Estate pursuant to 11
8 U.S.C. §§ 550 and 551.

9 **FOURTH CLAIM FOR RELIEF**

10 **AVOIDANCE, RECOVERY, AND PRESERVATION OF FOUR-YEAR ACTUAL**
11 **FRAUDULENT TRANSFERS**

12 **(Against All Defendants)**

13 **[11 U.S.C. §§ 544(b), 550, and 551; Cal. Civ. Code §§ 3439.04(a) and 3439.07]**

14 112. Plaintiff realleges and incorporates herein by reference each and every allegation
15 contained in Paragraphs 1 through 111 as though set forth in full.

16 113. On or after the date such Transfers were made, entities to which the Debtor was indebted
17 include the Prepetition Creditors.

18 114. The source of the client files, ACH receivables, and funds that are the subject of the
19 Transfers are that of the Debtor.

20 115. Diab, Loli, Han and Jayde, among others, retained possession and control of the files,
21 accounts receivable, and funds transferred to the Alter Egos or elsewhere after the Transfers.

22 116. By creating several entities including the Alter Egos and transferring client files, ACH
23 receivables, and funds to such entities, Diab has endeavored to conceal the client files, ACH
24 receivables, funds, and Transfers.

25 117. Diab, Loli, Han and Jayde, among others, made the Transfers after LPG faced multiple
26 lawsuits including those initiated by factoring companies. Validation Partners initiated a lawsuit on
27 September 20, 2022 (Case No. 30-2022-01281911-CU-BC-CXC) in the Superior Court of California,
28 County of Orange. DVF II also filed a lawsuit on January 23, 2023 (Case No. 30-2023-01303355-CU-

1 CO-CXC) in the Superior Court of California, County of Orange. Notably, the lawsuits sought the
2 appointment of a receiver to perform many of the same duties of the Trustee and obtain information,
3 an accounting of LPG funds, assets and accounts receivables and maintain the status quo, among other
4 relief, pending the outcome of the litigation.

5 118. The client files, ACH receivables, and funds that were subject to the Transfers constitute
6 substantially all of the Debtor's non-exempt property. In other words, the Transfers were of
7 substantially all of the Debtor's assets.

8 119. The Transfers were made by Diab, Loli, Han and Jayde, among others named herein, to
9 insiders, Alter Egos that are under Diab's control and Fraudulent Transferees.

10 120. The Debtor received little to no consideration for the Transfers.

11 121. In addition, a substantial portion of LPG's client files and ACH receivables were
12 transferred to multiple Defendants in order to defraud creditors, and to, hide, hinder and abscond with
13 LPG assets. This resulted in double pulls on client files by Touzi, Eng and Guardian among others
14 causing harm not only to Debtor's Estate but the individual clients themselves, which in turn
15 diminished the Debtor's Estate through loss of clients.

16 122. The Transfers left the Debtor insolvent. The Debtor scheduled \$141,813,219.09 in total
17 debt to Prepetition Creditors. However, without the client files, ACH receivables, and funds, the
18 Transfers left the Debtor with approximately \$12,186,500 in assets and no income stream; virtually
19 none of those alleged \$12,186,500 assets have been turned over to the Trustee despite repeated request
20 for same.

21 123. As such, the Transfers left the Debtor with remaining assets that were unreasonably small
22 in relation to the transaction.

23 124. Further, the Debtor was insolvent at the time of the Transfers or became insolvent as a
24 result of the Transfers; the exact aim of Diab's scheme to bankrupt LPG in the event a receiver was
25 appointed. On or after the date such Transfers were made, the Debtor was not paying debts to the
26 Prepetition Creditors, all of which arose before the Transfers were made, as they became due.

27 125. Thus, the Transfers were made with actual intent to hinder, delay, or defraud creditors of
28 the Debtor, as well as the duly appointed Receiver.

1 126. Thus, at the time of the Transfers, without receiving reasonably equivalent value in
2 exchange for the Transfers, the Debtor either:

3 a. was engaged or was about to engage in a transaction for which the remaining
4 assets of the Debtor were unreasonably small in relation to the business or transaction; or

5 b. intended to incur, or believed or reasonably should have believed that the Debtor
6 would incur, debts beyond the Debtor's ability to pay as they became due.

7 127. The Transfers of the Debtor's client files, ACH receivables, and funds occurred within
8 the four years prior to the Petition Date.

9 128. At all relevant times, the Transfers of the Debtor's client files, ACH receivables and
10 funds are avoidable as fraudulent pursuant to 11 U.S.C. § 544(b) and California Civil Code sections
11 3439.04(a) and 3439.07 by one or more creditors who held and hold unsecured claims against the
12 Debtor that were and are allowable against his Estate under 11 U.S.C. § 502 or that were not and are
13 not allowable only under 11 U.S.C. § 502(e), including, without limitation, the Prepetition Creditors.

14 129. Accordingly, the Transfers that Diab and Loli, among others, caused the Debtor to make
15 should be avoided as fraudulent under 11 U.S.C. §§ 544(b) and California Civil Code sections
16 3439.04(a) and 3439.07, and such property, or the value thereof, should be recovered and preserved
17 for the benefit of the Estate pursuant to 11 U.S.C. §§ 550 and 551 and California Civil Code section
18 3439.07.

19 **FIFTH CLAIM FOR RELIEF**

20 **AVOIDANCE, RECOVERY, AND PRESERVATION OF FOUR-YEAR CONSTRUCTIVE**
21 **FRAUDULENT TRANSFERS**

22 **(Against All Defendants)**

23 **[11 U.S.C. §§ 544(b), 550, and 551; Cal. Civ. Code §§ 3439.05, and 3439.07]**

24 130. Plaintiff realleges and incorporates herein by reference each and every allegation
25 contained in Paragraphs 1 through 129 as though set forth in full.

26 131. At the time of the Transfers, the Debtor did not receive reasonably equivalent value in
27 exchange for the Transfers.

28 132. In many cases, the Debtor received no consideration for the Transfers.

1 133. In addition, a substantial portion of LPG's client files and ACH receivables were
2 transferred to multiple Defendants in order to defraud creditors, and to hide, hinder and abscond with
3 LPG assets. This resulted in double pulls on client files by Touzi, Eng and Guardian among others
4 causing harm not only to Debtor's Estate but the individual clients themselves, which in turn
5 diminished the Debtor's Estate through loss of clients.

6 134. The Debtor became insolvent as a result of the Transfers. The Debtor scheduled
7 \$141,813,219.09 in total debt to Prepetition Creditors. However, without the client files, ACH
8 receivables, and funds, the Transfers left the Debtor with approximately \$12,186,500 in assets and no
9 income stream; virtually none of those alleged \$12,186,500 assets have been turned over to the Trustee
10 despite repeated request for same.

11 135. The Transfers left the Debtor with remaining assets that were unreasonably small in
12 relation to the transaction.

13 136. On or after the date that the Transfers were made, the Debtor was not paying debts to the
14 Prepetition Creditors including Validation Partners and DVF II as they came due.

15 137. At the time of the Transfers, Diab intended the Debtor to incur, or believed or reasonably
16 should have believed that the Debtor would incur, debts beyond its ability to pay as they became due.

17 138. Thus, at the time of the Transfers, or as a result thereof, the Debtor either:

18 a. was insolvent on the date the Transfers were made, or became insolvent as a result
19 thereof;

20 b. was engaged or was about to engage in a transaction for which any property
21 remaining with the Debtor was of unreasonably small capital; or

22 c. intended to incur, or believed that it would incur, debts beyond its ability to pay
23 as such debts matured.

24 139. The Transfers of the Debtor's files, ACH receivables, and funds occurred within the four
25 years prior to the Petition Date.

26 140. At all relevant times, the Transfers of the Debtor's client files, accounts ACH receivables,
27 and funds are avoidable as fraudulent pursuant to 11 U.S.C. § 544(b) and California Civil Code
28 sections 3439.05 and 3439.07 by one or more creditors who held and hold unsecured claims against

1 the Debtor that were and are allowable against the Estate under 11 U.S.C. § 502 or that were not and
2 are not allowable only under 11 U.S.C. § 502(e), including, without limitation, the Prepetition
3 Creditors.

4 141. Accordingly, the Transfers that Diab and Loli, among others named herein, caused the
5 Debtor to make should be avoided as fraudulent under 11 U.S.C. §§ 544(b) and California Civil Code
6 sections 3439.05 and 3439.07, and such property, or the value thereof, should be recovered and
7 preserved for the benefit of the Estate pursuant to 11 U.S.C. §§ 550 and 551 and California Civil Code
8 section 3439.07.

9 **SIXTH CLAIM FOR RELIEF**

10 **TURNOVER OF ESTATE PROPERTY**

11 **(Against All Defendants)**

12 **[11 U.S.C. § 542]**

13 142. Plaintiff realleges and incorporates herein by reference each and every allegation
14 contained in Paragraphs 1 through 141 as though set forth in full.

15 143. One or all of Diab's Alter Egos or Fraudulent Transferees have possession or control
16 over property of the Estate, including but not limited to the files, accounts receivable, and funds;
17 including LPG's Merchant Account at FIS where Diab has orchestrated the post-petition transfer of in
18 excess of \$6,000,000 of Estate Property to entities owned and controlled by Diab and his associates/co-
19 conspirators. None of those approximately \$6,000,000 in post-petition payment assets have been
20 turned over to the Trustee despite repeated request for same.

21 144. The client files, ACH receivables, funds, funds refunded on account of Touzi, Guardian,
22 Teracel, PECC and/or Eng's double pulls alleged herein and potentially other property are property of
23 the Estate and are not of inconsequential value to the Estate.

24 145. The client files, ACH receivables, and funds that are the subject of the Transfers were
25 paramount to the operation of the Debtor and its ability to pay creditors.

26 146. Accordingly, the Trustee is entitled to a judgment for turnover of the files, ACH
27 receivable, and funds pursuant to 11 U.S.C. § 542.

28 ///

1 **SEVENTH CLAIM FOR RELIEF**

2 **NEGLIGENCE**

3 **(Against Defendant Bianca Loli)**

4 147. Plaintiff realleges and incorporates herein by reference each and every allegation
5 contained in Paragraphs 1 through 146 as though set forth in full.

6 148. After the fraudulent transfer of LPG client files and nonpublic client information, alleged
7 herein, Loli initiated electronic fund transfers (“EFT”) from LPG client consumer accounts as the
8 underlined terms are defined by 12 CFR 205.2(b), (e) and 12 CFR 205.3. LPG’s consumer client files
9 and accounts that were transferred to Loli and Prime Logix were used to initiate unauthorized EFT /
10 ACH transactions using nonpublic information as defined by 15 USC § 6809(4)(A). An ACH
11 withdrawal transaction falls within the definition of an EFT as defined by 12 CFR 205.2 and 205.3.

12 149. In Loli’s role at LPG and Prime Logix, she owed Debtor, its clients and creditors a duty
13 to follow all laws, rules and regulations regarding the transfer of consumer client files, consumer
14 accounts, nonpublic client information and authorization requirement prior to initiating EFTs / ACH
15 transactions on client accounts, including but not limited to:

- 16 a. California Model Rules 1.17 and 1.17(b) requiring Loli to provide notice to each
17 fraudulently transferred LPG client to opt out and/or provide written consent from each
18 and every LPG client transferred prior to initiating the transfer at LPG, receiving the
19 client file, ACH information and initiating ACH / EFT transactions on the fraudulently
20 transferred client files at Prime Logix;
- 21 b. The Electronic Funds Transfer Act (15 USC 1693 *et seq.*) and Regulation E which
22 requires prior written authorization provided by the client and a copy of the authorization
23 be provided to the client prior to initiating an EFT / ACH transaction that debit or credits
24 a consumer's account. 12 CFR 1005.2, *et seq.*; 12CFR 1005.2(m); and 15 U.S.C. §
25 1693a(12).
- 26 c. 12 CFR 1005.10(b) that the entity initiating an ACH debit from a client account obtain
27 written consent prior to initiating the withdrawal and provide a copy of the consent to the
28 client;

- 1 d. California Financial Code § 4050, *et seq.* (California Financial Privacy Act) prohibiting
2 the dissemination or use of nonpublic client information without client consent by third
3 party entities including but not limited to Prime Logix, Maverick Management and
4 Phoenix among others. Financial Code §§ 4051.5, 4052, 4053;
- 5 e. California Department of Consumer Affairs: Consumer Rights in Electronic Fund
6 Transfers: Legal Guide CR-6 requiring written authorization by the client and a copy of
7 which is provided to the client prior to the initiation of the EFT / ACH withdrawal; and
- 8 f. NACHA (National Automated Clearing House Association) Operating Rules, Article II,
9 Subsection 2.3, *et seq.* requires express written authorization prior to initiating a pre-
10 arranged ACH payment and that such authorization be kept for two years after the date
11 of the last ACH transaction. See also NACHA Operating Rules, Article II, Subsection
12 2.3.2.7.

13 150. On or between January 2023 and March 31, 2023, Diab and Loli, among others, caused
14 over 30,000 client consumer files containing nonpublic client information to be transferred from LPG
15 to Prime Logix and Phoenix, among other transfers to other entities without client consent. None of
16 the clients transferred to Prime Logix and Phoenix were provided notice of the transfer of their client
17 file or nonpublic client information until after it had already been completed by Diab and Loli in
18 breach of the duties enumerated above. Further, none of the transferred clients provided consent to the
19 transfer or for Prime Logix to initiate ACH transactions on their bank accounts and credit cards in
20 breach of the duties enumerated above. In order to prevent clients from cancelling LPG's services
21 and/or disputing charges initiated by Prime Logix, Diab and Loli continued to use LPG's ACH
22 payment processor account at Revolv3 so that LPG continued to appear on client's bank statements in
23 an attempt to disguise the unauthorized EFT transactions directly and proximately causing damages
24 to the Debtor's Estate and consumer clients.

25 151. Loli claims she executed an alleged contract between Phoenix and Greyson, that does not
26 exist, but even if it did, Loli claims she signed it in the capacity as the Chief Executive Officer ("CEO")
27 of Phoenix, a law firm. Along these lines, Loli was listed as the CEO in a Phoenix Newsletter dated
28 February 2023 and in Phoenix' organizational chart. See Exhibit C to Dkt No. 561 in this action.

1 Pursuant to Business and Professions Code section 6165, each director, shareholder, and officer of a
2 professional corporation, including Phoenix, must be licensed to practice law. As such, Loli has held
3 herself out to be a licensed attorney. Alternatively, Loli has negligently held herself out to hold a
4 position she could not hold for purposes of aiding Diab, Han, Jayde, Eadie and others in the fraudulent
5 scheme alleged herein, including but not limited to the unauthorized EFTs alleged above.

6 152. As a direct and proximate cause of Diab and Loli's conduct alleged herein, Debtor and
7 its Estate have suffered substantial damages, loss of revenue and irreparable harm. Plaintiff is therefore
8 entitled to seek damages for all fraudulent transfers and ACH transactions resulting from Diab and
9 Loli's negligent conduct, jointly and severally, in an amount to be proven at trial.

10 **RESERVATION OF RIGHTS**

11 Plaintiff reserves the right to bring all other claims or causes of action that the Plaintiff may
12 have against any of the Defendants, on any and all grounds, as allowed under the law or in equity,
13 including but not limited to, those claims not known by the Plaintiff at this time but that he may
14 discover during the pendency of this adversary proceeding.

15 **PRAYER FOR RELIEF**

16 **WHEREFORE**, the Plaintiff prays for a judgment as follows:

17 **ON THE FIRST CLAIM FOR RELIEF:**

18 1. Control over ACH Transfers: Entry of a preliminary injunction prohibiting interference
19 with any ACH Transfer being executed pursuant to documents authorizing such transfers to be
20 executed in favor of LPG as follows:

21 a. Covered Entities and Individuals: The following entities and individuals, and
22 anyone acting on their behalf: LPG, Oakstone; Greyson; Phoenix; Maverick; LGS Holdco, LLC;
23 CLG; Vulcan; Coast Processing; Prime Logix; Tony Diab; Rosa Loli aka Rosa Bianca Loli aka Bianca
24 Loli; Lisa Cohen, Dan March, Ty Carss, Eng, Heng and all other aliases, agents, or corporate entities
25 affiliated with same shall, absent further order from this Court:

26 b. Enjoined Conduct re ACH Instructions: No covered entity or individual shall
27 initiate, cause to be initiated, or instruct any company or person that processes ACH transfers and/or
28 their affiliated financial institution including EPPS; EquiPay; Authorize.net; World Global; Optimum

1 Bank; Marich Bein; BankUnited, N.A.; Revolv3; FIS; Guardian; Payliance; Touzi; Seamless; Dwolla;
2 Stripe; and/or any entity associated with the ACH identification transaction “LPG 949-226-6262 #5
3 2363 RT 9 TOMS RIVER NJ 0875” or any such substantially similar ACH identification transaction,
4 to execute any ACH EFT on any file, financial institution, or current or former client of LPG, to or for
5 the benefit of LPG including but not limited to Oakstone; Greyson; Phoenix; Maverick; Prime Logix;
6 and Vulcan without the express written authorization of Trustee;

7 c. Enjoined Conduct re Bank Accounts: No covered entity or individual shall open,
8 or cause to be opened, any account, whether business or personal, that can receive or send money or
9 anything of value, at any company including banking, financial, or similar institution and/or receive,
10 directly or indirectly, any funds drawn from ACH Transfers;

11 2. Execution of ACH Transfers: Entry of a preliminary injunction prohibiting interference
12 with any ACH Transfer being executed pursuant to documents authorizing such transfers to be
13 executed in favor of LPG as follows:

14 a. Covered Entities and Individuals: All companies capable of processing ACH
15 transfers including EPPS; EquiPay; Authorize.net; World Global; Optimum Bank; Marich Bein;
16 BankUnited, N.A.; Revolv3; FIS; Guardian; Payliance; Touzi; Seamless; Dwolla; Stripe; and/or any
17 entity associated with the ACH identification transaction “LPG 949-226-6262 #5 2363 RT 9 TOMS
18 RIVER NJ 0875,” or any such substantially similar ACH identification transaction, are enjoined absent
19 further order of this Court, from:

20 i. Enjoined Conduct re ACH Transfers: No covered entity or individual
21 shall initiate or receive funds from any ACH EFT on any file, financial institution, or current or former
22 client of LPG, to or for the benefit of LPG or any one or more of its alleged assignees or transferees
23 including, but not limited to, Oakstone; Greyson; Phoenix; Maverick; Prime Logix and/or Touzi;

24 ii. Injunction Mandating Turnover to Trustee: All covered entities or
25 individuals shall hold in trust any and all funds, receipts, and transfers related to any account, file, or
26 current or former client of LPG, or any one or more of its alter egos or fraudulent transferees, including
27 but not limited to Oakstone; Greyson; Phoenix; Maverick; LGS Holdco, LLC; CLG (as to 40% of all
28 Transfers for which reasonably fair value was not paid at the time each of the Transfers); Vulcan;

1 Coast Processing; Prime Logix; Touzi, Tony Diab; Rosa Loli aka Rosa Bianca Loli aka Bianca Loli;
2 Lisa Cohen, Eng, Heng and/or other aliases, agents or corporate entities affiliated with same until
3 expressly directed to release, wire or transfer such funds by the Trustee and to a bank account whose
4 information shall be provided with any such request; and, shall upon request by the Trustee provide
5 an accounting of any and all such funds held in trust to the Trustee upon written request within ten
6 days of said request;

7 b. enjoining LPG, or any one or more of its alter egos or fraudulent transferees,
8 including but not limited to Oakstone; Greyson; Phoenix; Maverick; LGS Holdco, LLC; CLG; Vulcan;
9 Coast Processing; Prime Logix; Tony Diab; Rosa Loli aka Rosa Bianca Loli aka Bianca Loli; Lisa
10 Cohen and/or other corporate entities affiliated with same, from incurring, taking out, or pledging any
11 receivables of LPG or any one or more of its alter ego entities, including but not limited to, Oakstone;
12 Phoenix; Maverick; Prime Logix and/or CLG without seeking leave of court;

13 c. enjoining LPG, or any one or more of its alter egos or fraudulent transferees,
14 including but not limited to Oakstone; Greyson; Phoenix; Maverick; LGS Holdco, LLC; CLG; Vulcan;
15 Coast Processing; Prime Logix; Tony Diab; Rosa Loli aka Rosa Bianca Loli aka Bianca Loli; Lisa
16 Cohen and/or other aliases, agents or corporate entities affiliated with same, from instructing any
17 person and/or client to cancel and/or demand a refund from LPG; Oakstone; Phoenix; Maverick; LGS
18 Holdco, LLC and/or CLG;

19 d. enjoining Bank of America from allowing any and all funds on behalf of Prime
20 Logix or Vulcan, including but not limited to Account Nos. ending in xxx951 and xxx9021 and/or any
21 other accounts to be withdrawn, wired, drawn against, moved, or otherwise transferred without the
22 express consent of the Trustee in writing and to a financial account identified by the Trustee at the
23 time the authorization is provided, and ordering Bank of America to hold in trust such funds;

24 e. enjoining all persons identified below from accessing or attempting to gain access
25 whether physically, remotely, electronically, or virtually to the following locations associated with
26 LPG, or any one or more of its alter egos, including but not limited to Oakstone; Phoenix; Maverick;
27 LGS Holdco, LLC; CLG; Vulcan; Coast Processing; Prime Logix; Tony Diab; Rosa Loli aka Rosa
28 Bianca Loli aka Bianca Loli; Lisa Cohen and/or aliases, agents or other corporate entities affiliated

1 with same: (1) 3347 Michelson Drive, Suites 400, 410 & 420, Irvine, California 92612; (2) 17542 17th
2 Street, Suite 100, Tustin, California 92780; (3) LUNA's domain located on AWS; (4) DPP Data or
3 accounts; (5) Accounting Data and/or accounts on NetSuite, QuickBooks and Microsoft SharePoint,
4 G-Suite or other permanent or cloud based systems; (6) ACH processing accounts, whether individual,
5 merchant or business, held at any ACH processing or affiliated financial institution, including but not
6 limited to EPPS; EquiPay; Authorize.net; World Global; Optimum Bank; Marich Bein; BankUnited,
7 N.A.; Revolv3; FIS; Guardian; Payliance; Touzi; Seamless; Dwolla; Stripe; and/or any entity
8 associated with the ACH identification transaction "LPG 949-226-6262 #5 2363 RT 9 TOMS RIVER
9 NJ 0875", or any such substantially similar ACH identification transaction; (7) Vulcan and/or Prime
10 Logix's financial accounts at Bank of America, including but not limited to Account Nos. ending in
11 xxx951 and xxx9021; and (8) the Email Data, as follows:

- 12 (i) Tony Diab;
- 13 (ii) Rosa Loli aka Rosa Bianca Loli aka Bianca Loli;
- 14 (iii) Lisa Cohen;
- 15 (iv) Daniel March;
- 16 (v) Eng Taing;
- 17 (vi) Maria Eeya Tan;
- 18 (vii) Jake Akers;
- 19 (viii) Han Trinh;
- 20 (ix) Jayde Trinh;
- 21 (x) Wes Thomas;
- 22 (xi) William Taylor "Ty" Carss;
- 23 (xii) Scott James Eadie;
- 24 (xiii) Jimmy Chhor;
- 25 (xiv) Brad Lee;
- 26 (xv) Dongliang Jiang;
- 27 (xvi) Heng Taing;
- 28 (xvii) Max Chou.

1 f. requiring the United States Postal Service to re direct all mail directed to (1) LPG,
2 17542 17th Street, Suite 100, Tustin, California 92780; (2) Oakstone, 888 Prospect Street, Suite 200
3 La Jolla, California 92037; (3) Phoenix, 3347 Michelson Drive, Suites 400, 410 & 420, Irvine,
4 California 92612 and/or P.O. Box 749, Millville, New Jersey 08332; (4) Prime Logix, 3347 Michelson
5 Drive, Suites 400, 410 & 420, Irvine, California 92612; (5) CLG, P.O. Box 412 Elmsford, New York
6 10523; (6) Greyson, 3347 Michelson Drive, Suites 400, 410 & 420, Irvine, California 92612; (7)
7 and/or any other address associated with such entities, and ordering the United States Postal Service
8 to forward and re-direct such mail to an address provided by the Trustee until such time as ordered by
9 the Court.

10 **ON THE SECOND AND THIRD CLAIMS FOR RELIEF:**

11 3. Avoiding, recovering, and preserving the two-year transfers against all Defendants:

12 **ON THE FOURTH AND FIFTH CLAIMS FOR RELIEF:**

13 4. Avoiding, recovering, and preserving the four-year transfers against all Defendants:

14 **ON THE SIXTH CLAIM FOR RELIEF:**

15 5. Ordering turnover to the Trustee of the following:

16 a. Information regarding any and all persons who signed a Legal Services Contract
17 with LPG or whose file was purchased or otherwise transferred to LPG, or any one or more of its alter
18 egos or fraudulent transferees, including but not limited to Oakstone; Greyson; Phoenix; Maverick;
19 LGS Holdco, LLC; CLG; Vulcan; Coast Processing; Prime Logix; Tony Diab; Rosa Loli aka Rosa
20 Bianca Loli aka Bianca Loli; Lisa Cohen; Eng; Heng; Max Chou and/or other aliases, agents or
21 corporate entities affiliated with same, for which the client's file remains open and/or continues to
22 make payments under an agreed upon installment contract.

23 b. All client files, including but not limited to names, contact information, client file
24 management, communications, account information, letters, pleadings, communications, payment
25 history, financial account information, credit reports, executed legal services contracts, ACH
26 contracts, executed installment contracts, account balances, debts in dispute, payment history, file
27 status, settlements, debt invalidations and/or any other information created, managed and stored
28 electronically utilizing DPP software program's software license, key or account, that was opened and

1 is maintained and controlled by LPG, or any one or more of its alter egos, including but not limited to
2 Oakstone; Phoenix; Maverick; LGS Holdco, LLC; CLG; Vulcan; Coast Processing; Prime Logix;
3 Tony Diab; Rosa Loli aka Rosa Bianca Loli aka Bianca Loli; Lisa Cohen; Eng; Heng; Max Chou
4 and/or other aliases, agents or corporate entities affiliated with same;

5 c. All administrative usernames and passwords that give the Trustee access to any
6 DPP account held, maintained or controlled by LPG, or any one or more of its alter egos, including
7 but not limited to Oakstone; Phoenix; Maverick; LGS Holdco, LLC; CLG; Vulcan; Coast Processing;
8 Prime Logix; Tony Diab; Rosa Loli aka Rosa Bianca Loli aka Bianca Loli; Lisa Cohen and/or other
9 aliases, agents or corporate entities affiliated with same;

10 d. All client files, including but not limited to names, contact information, client file
11 management, communications, account information, letters, pleadings, communications, payment
12 history, financial account information, credit reports, executed legal services contracts, ACH
13 contracts, executed installment contracts, account balances, debts in dispute, payment history, file
14 status, settlements, debt invalidations and/or any other information created, managed and stored
15 electronically utilizing proprietary software program "LUNA" hosted on AWS and located at the
16 current domain "lunapp.com" that is maintained and controlled by LPG, or any one or more of its alter
17 egos, including but not limited to Oakstone; Phoenix; Maverick; LGS Holdco, LLC; CLG; Vulcan;
18 Coast Processing; Prime Logix; Tony Diab; Rosa Loli aka Rosa Bianca Loli aka Bianca Loli; Lisa
19 Cohen and/or other aliases, agents or corporate entities affiliated with same;

20 e. All administrative usernames and passwords that give the Trustee access to any
21 AWS account where LUNA, its software program, databases and client information is held, stored and
22 hosted that is maintained or controlled by LPG, or any one or more of its alter egos, including but not
23 limited to Oakstone; Phoenix; Maverick; LGS Holdco, LLC; CLG; Vulcan; Coast Processing; Prime
24 Logix; Tony Diab; Rosa Loli aka Rosa Bianca Loli aka Bianca Loli; Lisa Cohen and/or other aliases,
25 agents or corporate entities affiliated with same;

26 f. All ACH files related to client information, details, accounts, history of EFTs,
27 payments, amounts held, interest on held amounts, penalty fees, nonsufficient fund fees or other ACH
28 related charges to the clients stored electronically or in hard copy associated with ACH processing

1 service providers and/or affiliated financial institutions, including but not limited to EPPS; EquiPay;
2 Authorize.net; World Global; Optimum Bank; Marich Bein; BankUnited, N.A.; Revolv3; FIS;
3 Guardian; Payliance; Seamless; Dwolla; Stripe; and/or any entity associated with the ACH
4 identification transaction “LPG 949-226-6262 #5 2363 RT 9 TOMS RIVER NJ 0875”, or any such
5 substantially similar ACH identification transaction;

6 g. All files, information, reports, spreadsheets, account numbers, routing numbers,
7 and databases related to transfer of funds out of any account opened, maintained and controlled by
8 LPG, or any one or more of its alter egos, including but not limited to Oakstone; Phoenix; Maverick;
9 LGS Holdco, LLC; CLG; Vulcan; Coast Processing; Prime Logix; Tony Diab; Rosa Loli aka Rosa
10 Bianca Loli aka Bianca Loli; Lisa Cohen and/or other aliases, agents or corporate entities affiliated
11 with same that were processed and executed by ACH processing service providers and/or their
12 affiliated financial institutions, including but not limited to EPPS; EquiPay; Authorize.net; World
13 Global; Optimum Bank; Marich Bein; BankUnited, N.A.; Revolv3; FIS; Guardian; Payliance;
14 Seamless; Dwolla; Stripe; and/or any entity associated with the ACH identification transaction “LPG
15 949-226-6262 #5 2363 RT 9 TOMS RIVER NJ 0875”, or any such substantially similar ACH
16 identification transaction;

17 h. All administrative usernames and passwords that give the Trustee access to any
18 ACH processing accounts, software, database or other program at ACH processing service providers
19 and/or affiliated financial institutions, including but not limited to EPPS; EquiPay; Authorize.net;
20 World Global; Optimum Bank; Marich Bein; BankUnited, N.A.; Revolv3; FIS; Guardian; Payliance;
21 Seamless; Dwolla; Stripe; or any entity associated with the ACH identification transaction “LPG 949-
22 226-6262 #5 2363 RT 9 TOMS RIVER NJ 0875”, or any such substantially similar ACH identification
23 transaction, used to upload or input client information, initiate client ACH EFTs, transfer client ACH
24 funds to outside financial institutions or otherwise manage any account opened, maintained and
25 controlled by LPG, or any one or more of its alter egos, including but not limited to Oakstone,
26 Phoenix; Maverick; LGS Holdco, LLC; CLG; Vulcan; Coast Processing; Prime Logix; Tony Diab;
27 Rosa Loli aka Rosa Bianca Loli aka Bianca Loli; Lisa Cohen and/or other aliases, agents or corporate
28 entities affiliated with same;

1 i. All accounting records, files, data and information for LPG, or any one or more
2 of its alter egos, including but not limited to Oakstone; Phoenix; Maverick; LGS Holdco, LLC; CLG;
3 Vulcan; Coast Processing and Prime Logix stored on NetSuite; QuickBooks and Microsoft
4 SharePoint; G-Suite or other permanent or cloud based systems;

5 j. All contracts, records, reports, information, data and details regarding the transfer
6 or sale of any client files or future client ACH payments to any other law firm, organization, corporate
7 entity, person(s), or investment group (otherwise known as factoring companies) including but not
8 limited to, Oakstone; Greyson; Phoenix; Maverick; LGS Holdco, LLC and/or CLG;

9 k. All contracts, records, reports, information, data, cost basis, payment information
10 and details regarding the transfer or receipt of any client files or future client ACH payments from any
11 other law firm, organization, corporate entity, person(s), investment or marketing group (otherwise
12 known as capping companies) to LPG or any one or more of its alter egos including, but not limited
13 to, Oakstone; Phoenix; Maverick; LGS Holdco, LLC and/or CLG;

14 l. All information, data, tables, spreadsheets and reports regarding client
15 information stored on Airtable cloud based data management system used by LPG, or any one or more
16 of its alter egos, including but not limited to, Oakstone; Phoenix; Maverick; LGS Holdco, LLC and/or
17 CLG to manage the aforementioned information;

18 m. All administrative usernames and passwords that give the Trustee access to any
19 Airtable account opened, maintained or controlled by LPG, or any one or more of its alter egos,
20 including but not limited to Oakstone; Phoenix; Maverick; LGS Holdco, LLC and/or CLG;

21 n. All email accounts related to LPG, or any one or more of its alter egos, including
22 but not limited to, Oakstone; Phoenix; Maverick; LGS Holdco, LLC and/or CLG stored maintained
23 and/or hosted on Office 365, G-suite or any other email server, whether physical or cloud based
24 servers;

25 o. All post-petition client ACH payments processed and received by LPG, or any
26 one or more of its alter egos or fraudulent transferees, including but not limited to Oakstone; Greyson;
27 Phoenix; Maverick; Prime Logix; CLG; LGS Holdco, LLC; Vulcan; Tony Diab; Rosa Loli aka Rosa
28 Bianca Loli aka Bianca Loli; Lisa Cohen and/or any other aliases, agents or entities associated with

1 same related to clients who entered into a legal services contract pre-petition and who have received
2 the services provided in the contract;

3 p. All rental payments made by Tony Diab; Lisa Cohen; Vulcan or Prime Logix or
4 from Bank of America Account No. ending in xxx9021 to any landlord(s), property management
5 company(s) or owner(s), including but not limited to Jason Oppenheim of real property located at
6 20101 S.W. Cypress Street, Newport Beach, California 92660 and at 8 Almazora, Newport Coast,
7 California 92657 utilizing funds originating from LPG, or any one or more of its alter ego entities or
8 fraudulent transferees, including but not limited to, Oakstone; Phoenix; Maverick; CLG; Vulcan
9 and/or Prime Logix; and

10 q. All rental payments made by Tony Diab; Lisa Cohen; Vulcan or Prime Logix or
11 from Bank of America Account No. ending in xxx9021 to any landlord(s), property management
12 company(s) or owner(s), including but not limited to 8 Almazora, LLC, 310 West Profit Pro, Inc.,
13 Lisa Delaney and/or Tong Gan of real property located at 8 Almazora, Newport Coast, California
14 92657 utilizing funds originating from LPG, or any one or more of its alter ego entities or fraudulent
15 transferees, including but not limited to, Oakstone; Phoenix; Maverick; CLG; Vulcan and/or Prime
16 Logix.

17 **ON ALL CLAIMS FOR RELIEF:**

18 6. Granting any other and further relief as the Court deems just and proper.

19
20 Dated: June 28, 2024

Respectfully submitted,

DINSMORE & SHOHL LLP

21
22 By: /s/ Jeremy B. Freedman

Christopher B. Ghio

Jeremy B. Freedman

23
24 Special Counsel to Richard A. Marshack,
Chapter 11 Trustee

PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is:

DINSMORE & SHOHL LLP
655 West Broadway, Suite 800
San Diego, California 92101

A true and correct copy of the foregoing document entitled (*specify*): **FOURTH AMENDED COMPLAINT FOR: (1) INJUNCTIVE RELIEF; (2) AVOIDANCE, RECOVERY, AND PRESERVATION OF TWO-YEAR ACTUAL FRAUDULENT TRANSFERS; (3) AVOIDANCE, RECOVERY, AND PRESERVATION OF TWO-YEAR CONSTRUCTIVE FRAUDULENT TRANSFERS; (4) AVOIDANCE, RECOVERY, AND PRESERVATION OF FOUR-YEAR ACTUAL FRAUDULENT TRANSFERS; (5) AVOIDANCE, RECOVERY, AND PRESERVATION OF FOUR-YEAR CONSTRUCTIVE FRAUDULENT TRANSFERS; (6) TURNOVER; AND (6) NEGLIGENCE**

will be served or was served (a) on the judge in chambers in the form and manner required by LBR 5005-2(d); and (b) in the manner stated below:

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF): Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On June 28, 2024, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

Keith Barnett
on behalf of Defendant Payliance, LLC

keith.barnett@troutman.com
kelley.wade@troutman.com

Service information continued on attached page

2. SERVED BY UNITED STATES MAIL:

On June 28, 2024, I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

JUDGE'S COPY

Honorable Scott C. Clarkson
United States Bankruptcy Court. Central District of California
Ronald Reagan Federal Building and Courthouse
411 West Fourth Street, Suite 5130 / Courtroom 5C
Santa Ana, CA 92701-4593

Service information continued on attached page

3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL (*state method for each person or entity served*): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on June 28, 2024, I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

Service information continued on attached page

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

June 28, 2024
Date

Angelica Urena
Printed Name

/s/ Angelica Urena
Signature

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF):

Bradford Barnhardt on behalf of Plaintiff Richard A. Marshack	bbarnhardt@marshackhays.com bbarnhardt@ecf.courtdrive.com alinares@ecf.courtdrive.com
Eric Bensamochan on behalf of Interested Party Courtesy NEF	eric@eblawfirm.us G63723@notify.cincompass.com
Christopher Celentino on behalf of Plaintiff Richard A. Marshack	christopher.celentino@dinsmore.com caron.burke@dinsmore.com
Christopher Celentino on behalf of Trustee Richard A Marshack (TR)	christopher.celentino@dinsmore.com caron.burke@dinsmore.com
Leslie A Cohen on behalf of Defendant Rosa Bianca Loli	leslie@lesliecohenlaw.com jaime@lesliecohenlaw.com clare@lesliecohenlaw.com
Leslie A Cohen on behalf of Interested Party Courtesy NEF	leslie@lesliecohenlaw.com jaime@lesliecohenlaw.com clare@lesliecohenlaw.com
Michael T Delaney on behalf of Defendant Fidelity National Information Services, Inc. dba FIS	mdelaney@bakerlaw.com tbreden@bakerlaw.com
Alan W Forsley on behalf of Interested Party Courtesy NEF	Alan.forsley@flpllp.com awf@fklawfirm.com awf@fl-lawyers.net addy@flpllp.com
Jeremy Freedman on behalf of Plaintiff Richard A. Marshack	jeremy.freedman@dinsmore.com
Jeremy Freedman on behalf of Trustee Richard A. Marshack (TR)	jeremy.freedman@dinsmore.com
Christopher Ghio on behalf of Plaintiff Richard A. Marshack	christopher.ghio@dinsmore.com nicolette.murphy@dinsmore.com karina.reyes@dinsmore.com deamira.romo@dinsmore.com
Christopher Ghio on behalf of Trustee Richard A. Marshack (TR)	christopher.ghio@dinsmore.com nicolette.murphy@dinsmore.com karina.reyes@dinsmore.com deamira.romo@dinsmore.com
Eric D Goldberg on behalf of Defendant Stripe, Inc.	eric.goldberg@dlapiper.com eric-goldberg-1103@ecf.pacerpro.com
Richard H Golubow on behalf of Creditor Debt Validation Fund II, LLC	rgolubow@wghlawyers.com jmartinez@wghlawyers.com svillegas@wghlawyers.com
Richard H Golubow on behalf of Creditor MC DVI Fund 1, LLC	rgolubow@wghlawyers.com jmartinez@wghlawyers.com svillegas@wghlawyers.com
Richard H Golubow on behalf of Creditor MC DVI Fund 2, LLC	rgolubow@wghlawyers.com jmartinez@wghlawyers.com svillegas@wghlawyers.com
Sweeney Kelly on behalf of Defendant Fidelity National Information Services, Inc.	kelly@ksgklaw.com

This form is mandatory. It has been approved for use by the United States Bankruptcy Court for the Central District of California.

Sweeney Kelly on behalf of Defendant Fidelity National Information Services, Inc. dba FIS	kelly@ksgklaw.com
Sweeney Kelly on behalf of Defendant Worldpay Group	kelly@ksgklaw.com
Sweeney Kelly on behalf of Defendant Worldpay, LLC	kelly@ksgklaw.com
Meredith King on behalf of Defendant Gallant Law Group	mking@fsl.law ssanchez@fsl.law jwilson@fsl.law
Meredith King on behalf of Interested Party Courtesy NEF	mking@fsl.law ssanchez@fsl.law jwilson@fsl.law
David S Kupetz on behalf of Defendant Marich Bein, LLC	David.Kupetz@lockelord.com mylene.ruiz@lockelord.com
Matthew A. Lesnick on behalf of Defendant Optimumbank Holdings, Inc. d/b/a Optimum Bank	matt@lesnickprince.com matt@ecf.inforuptcy.com jmack@lesnickprince.com
Daniel A Lev on behalf of Defendant Consumer Legal Group, PC	daniel.lev@gmlaw.com cheryl.caldwell@gmlaw.com dlev@ecf.courtdrive.com
Daniel A Lev on behalf of Defendant LGS Holdco, LLC	daniel.lev@gmlaw.com cheryl.caldwell@gmlaw.com dlev@ecf.courtdrive.com
Daniel A Lev on behalf of Interested Party Courtesy NEF	daniel.lev@gmlaw.com cheryl.caldwell@gmlaw.com dlev@ecf.courtdrive.com
Yosina M Lissebeck on behalf of Plaintiff Richard A. Marshack	yosina.lissebeck@dinsmore.com caron.burke@dinsmore.com
Daniel S March on behalf of Defendant Daniel S. March	marchlawoffice@gmail.com marchdr94019@notify.bestcase.com
Kathleen P. March on behalf of Defendant Greyson Law Center PC	kmarch@bkylawfirm.com kmarch3@sbcglobal.net kmarch@sbcglobal.net
Kathleen P. March on behalf of Defendant Han Trinh	kmarch@bkylawfirm.com kmarch3@sbcglobal.net kmarch@sbcglobal.net
Kathleen P. March on behalf of Defendant Jayde Trinh	kmarch@bkylawfirm.com kmarch3@sbcglobal.net kmarch@sbcglobal.net
Richard A Marshack (TR)	pkraus@marshackhays.com rmarshack@iq7technology.com ecf.alert+Marshack@titledexi.com
Kenneth Miskin on behalf of U.S. Trustee United States Trustee (SA)	Kenneth.M.Miskin@usdoj.gov
Queenie K Ng on behalf of U.S. Trustee United States Trustee (SA)	queenie.k.ng@usdoj.gov
Lisa Patel on behalf of Defendant OptimumBank Holdings, Inc.	lpatel@lesnickprince.com jmack@lesnickprince.com jnavarro@lesnickprince.com
Douglas A Plazak on behalf of Defendant Scott James Eadie	dplazak@rhlaw.com

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Daniel H Reiss on behalf of Defendant Eng Taing	dhr@lnbyg.com dhr@ecf.inforuptcy.com
Ronald N Richards on behalf of Defendant Consumer Legal Group, PC	ron@ronaldrichards.com 7206828420@filings.docketbird.com
Jonathan Serrano on behalf of Plaintiff Richard A. Marshack	jonathan.serrano@dinsmore.com
Zev Shechtman on behalf of Interested Party Morning Law Group, P.C.	Zev.Schechtman@saul.com zshechtman@gtlaw.com easter.santamaria@saul.com
Howard Steinberg on behalf of Defendant BankUnited, N.A	steinbergh@gtlaw.com pearsallt@gtlaw.com howard-steinberg-6096@ecf.pacerpro.com
Andrew Still on behalf of Interested Party Courtesy NEF	astill@swlaw.com kcollins@swlaw.com
United States Trustee (SA)	ustpregion16.sa.ecf@usdoj.gov
William J Wall on behalf of Witness Bradford Lee	wwall@wall-law.com
Johnny White on behalf of Interested Party Courtesy NEF	JWhite@wrslawyers.com jlee@wrslawyers.com

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