

BEFORE THE DISCIPLINARY BOARD
OF THE SUPREME COURT OF PENNSYLVANIA

OFFICE OF DISCIPLINARY COUNSEL, : DISCIPLINARY BOARD DOCKET
PETITIONER : NO. 36 DB 2025
V. :
: ATTORNEY REG. NO. 60474
JOHN W. PAUCIULO, ESQUIRE, : (CHESTER COUNTY)
RESPONDENT :
:

BRIEF OF THE RESPONDENT, JOHN W. PAUCIULO, ESQUIRE,
TO THE HEARING COMMITTEE

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I. HISTORY OF THE CASE

The Respondent, John W. Pauciulo, Esquire, is charged in the Petition for Discipline, filed March 31st, 2025, with numerous violations of the Rules of Professional Conduct. Mr. Pauciulo was admitted to practice law in December of 1990 and has practiced continuously since that time. Currently, he is a sole practitioner, but at the time he was a partner in the Eckert Seamans law firm. He has no prior history of attorney discipline. Mr. Pauciulo denies violating any of the Rules of Professional Conduct. The allegations arose out of his representation of a Better Financial Plan, whose owner was Dean Vagnozzi.

Mr. Pauciulo only represented Dean Vagnozzi and a Better Financial Plan and never represented PAR Funding or their owners and employees. Mr. Pauciulo emphatically denies any misconduct, and vigorously denies violating the Rules of Professional Conduct.

The Petition for Discipline, which was rather lengthy, consisted of 62 pages, alleged the following.

I. BACKGROUND: THE FRAUDULENT SECURITIES SCHEME

Under this charge, the PAR Funding matter, the Office of Disciplinary Council alleged a fraudulent security scheme as set forth in paragraphs 1 through 16.

In paragraph 8, the Office of Disciplinary Council alleged Mr. Pauciulo became involved with the scheme with PAR Funding in 2016.

In paragraph 10, the Petition alleged Mr. Pauciulo and PAR Funding and Mr. Vagnozzi set up a web of companies to create a more complex scheme, and in paragraph 11, that the Respondent played a pivotal role. The evidence of the trial failed to support any of these allegations.

Paragraph 16 alleged Mr. Pauciulo, after the SEC investigation out of Florida in 2020, entered into an offer of settlement where he paid a \$125,000.00 fine without any admission of liability and agreed to a five-year suspension from the practice before the Security and Exchange Commission.

II. SEC REGULATION OF PRIVATE PLACEMENTS

The next section of II of the Petition sets forth the regulatory area and SEC regulations of private placement. That involved paragraphs 17 through 26. It set forth the requirements, SEC regulation, and the exceptions to Regulation D of the United States Securities Act. When one seeks exception, a form must be compiled with the SEC, which was done. The evidence showed the Respondent developed an innovative procedure to comply with Regulation D.

III. RESPONDENT'S CLIENT MARKETS "ALTERNATIVE INVESTMENTS" TO
THE PUBLIC

In section III of the Petition alleges that the Respondent and his client marketed alternative investments to the public. This is set forth in paragraphs 27 through 40. The Petition spoke of Mr. Pauciulo representing Mr. Vagnozzi beginning in late 2004, with various insurance-related investments. There was no doing business with PAR Funding until sometime around 2016 or 2017. In essence, the evidence showed Mr. Pauciulo developed a package for Mr. Vagnozzi to market. The evidence showed Mr. Vagnozzi failed to properly follow some of the exceptions under Regulation D as he was told to do by Mr. Pauciulo. The evidence demonstrated no misconduct by the Respondent.

IV. RESPONDENT AND VAGNOZZI BEGIN INVOLVEMENT WITH PAR
FUNDING

The next charge in the Petition alleged the Respondent and Mr. Vagnozzi began doing business with PAR Funding. This begins on paragraph 41 and goes to paragraph 44. It alleges Mr. Vagnozzi was assisted by the Respondent in developing a business relationship with PAR Funding through their Complete Business Solutions group. The Petition falsely alleged Mr. Pauciulo and Mr. Vagnozzi became involved with PAR. On the contrary, Mr. Vagnozzi did business with PAR Funding. The evidence showed only that the Respondent properly gave advise to Mr. Vagnozzi.

V. RESPONDENT'S RECKLESS VETTING OF FUNDING

Section V of the Petition alleges the Respondent's reckless vetting of PAR Funding. That involves paragraphs 45 through paragraph 73. The Petition contends that Mr. Pauciulo did not do the diligence to discover negative information about PAR Funding. But the testimony during the trial indicated Mr. Pauciulo did due diligence but then was stopped by Mr. Vagnozzi who did not want to spend any more money on due diligence. Mr. Pauciulo actually received an email from Mr. Vagnozzi telling him not to spend any more money and that was marked as Respondent's exhibit "10". As testified by the Respondent, he did not know the management names of many of the PAR Funding people and was misled by them. The Respondent spoke to their attorney, William Sasso. Mr. Sasso told PAR Funding not to do business with Mr. Vagnozzi. Mr. Sasso also did some background checking on his own and as a result, chose not to continue to represent PAR Funding, but he never told Mr. Pauciulo about what he found. There was no indication the Respondent had any knowledge of the past misconduct of the PAR people.

VI. STATE REGULATORY ACTION AGAINST PAR AND VAGNOZZI

AND

VII. PAR AND VAGNOZZI PIVOT TO A "FUND MODEL" WITH RESPONDENT AS A CENTRAL PLAYER

The Petition alleges PAR and Mr. Vagnozzi pivoted to a fund model with the Respondent as a central player. There is no evidence presented that the Respondent was working with or did anything with PAR. He represented Dean Vagnozzi and a Better Financial Plan. The allegations make it seem like Mr. Vagnozzi and Mr. Pauciulo and PAR were working in cahoots, but there was no testimony or evidence at trial which support that conclusion. These allegations began on paragraphs 73 through 100. Paragraph 100 alleges this was very lucrative for the Respondent, since he was paid \$1.4 million in legal fees which is incorrect. The Respondent's law firm was paid, each year, starting in 2004, for his firm's representation of Mr. Vagnozzi, every year approximately around \$90,000.00 to \$110,000.00 a year. Mr. Pauciulo had no investments with PAR Funding, received no gifts or any extra money from PAR Funding, nor did he receive anything extra from Mr. Vagnozzi other than his law firm's billed time.

VIII. THE FRAUDULENT PRIVATE PLACEMENT MEMORANDA

Section VIII in the Petition for Discipline alleges the fraudulent private placement memoranda. That begins in paragraph 101 through 113. It alleges the Respondent, Mr. Pauciulo, worked closely with PAR Funding, when, in fact, there was no such evidence of that presented during trial. These allegations are false, and not accurate, as the trial testimony clearly demonstrated. The Respondent did not allow Mr. Vagnozzi to use

his law firm, and did not allow him to use his law firm name in ads on the radio or elsewhere.

IX. THE PAR-VAGNOZZI FUND SCHEME HEADS FOR COLLAPSE

Section IX alleges that the PAR Vagnozzi fund scheme heads for collapse. That begins in paragraph 114 and goes to paragraph 117. It alleges a Texas investigation, which the Respondent was not involved in. The evidence at trial showed he referred Mr. Vagnozzi and his company to Texas counsel. This began in February of 2020 and in March of 2020, then PAR advised they were stopping payments. The Respondent was never found in violation of anything in Texas, and allegations set forth by the Texas investigators were hearsay and not admissible.

X. RESPONDENT TAKES A CENTRAL ROLE IN THE FRAUDULENT "EXCHANGE OFFER"

Section X alleges the Respondent takes a central role in the fraud and exchange offer. That began in paragraph 118 and goes to paragraph 145. The allegation began with the March 2020 letter from PAR Funding indicating that they had been impacted by the pandemic, were not going to make payments, and defaulted. But the trial evidence showed there was nothing that Mr. Pauciulo did wrong or Mr. Vagnozzi. Unfortunately, what happened was PAR Funding and its employees acted in a criminal fashion and converted substantial funds, making it almost impossible for the investments with Dean Vagnozzi to continue. It was PAR

Funding that did not do what they were supposed to do. There was no testimony evidence that Mr. Pauciulo, or Mr. Vagnozzi, were involved or had any knowledge about the misconduct of PAR Funding and the conversion of funds. Mr. Vagnozzi and Mr. Pauciulo were victims of PAR's misconduct. PAR Funding was presented by counsel during the pertinent times. None of them represented themselves.

The Respondent then tried to help Mr. Vagnozzi and the investors to work a deal for lesser payment so the investors would not lose all of their money. An agreement was initially made. That agreement was paid on by PAR until the Florida SEC investigation closed PAR down in July of 2020. The Respondent always stated he only represented Dean Vagnozzi and Better Financial Plan. He never told the investors he was representing them as individuals. All of the investors always had the option to seek counsel. Mr. Pauciulo, at Mr. Vagnozzi's request, appeared with him on several videos, trying to develop agreements to get some of the investors' monies from PAR Funding through future payments. The Respondent did nothing wrong.

XI. THE SEC INTERVENES

In section XI, the Petition alleged how the SEC intervenes. This starts in paragraph 146 and goes to paragraph 154. It talks about the Florida SEC investigation. Just several months before the Florida investigation, the New York SEC investigation had

been resolved, and there was no finding of misconduct by Mr. Pauciulo. The Florida SEC in July of 2020, sought a restraining order. As a result of that, PAR was not able to make any further payments for the investor notes, and that was the end of the investment. Mr. Pauciulo resolved the Florida SEC investigation with a statement of no admission of misconduct and paid a \$125,000.00 fine and was placed on five-year suspension from the SEC, which essentially means he cannot file documents with them. That suspension will end in 2027. The Respondent was not involved in any other part of that matter. He chose to work that no admission agreement because of the expense of litigation.

Mr. Pauciulo was then charged in the Petition for Discipline with the following Rule violations:

a) Rule 1.1, involving competence. The evidence shows that Mr. Pauciulo is a very competent lawyer.

b) Rule 1.3, involving diligence. The evidence shows Mr. Pauciulo acted with diligence throughout his representation of Mr. Vagnozzi.

c) Rule 1.7(a)(1), involving conflict of interest of current clients. Mr. Pauciulo only represented Mr. Vagnozzi, and Mr. Vagnozzi's company a Better Financial Plan. There was no conflict.

d) Rule 1.7(a)(2), involving conflict of interest of current clients. Mr. Pauciulo represented only Mr. Vagnozzi and the Better Financial Plan.

e) Rule 4.3(a), dealing with unrepresented persons. The Respondent did not attempt to deal with unrepresented persons. He represented Mr. Vagnozzi and the Better Financial Plan. He never had a contract or was paid by any of the other clients. He did try to provide advice to Dean Vagnozzi when everything was collapsing in March of 2020, and explained that advice to Mr. Vagnozzi's investors. But all investors were all told that Mr. Pauciulo represented Mr. Vagnozzi. They always had the right to obtain other counsel, and all the investors were sophisticated finance people.

f) Rule 4.3(b), deals with unrepresented persons. Again, the Respondent denies that violation.

g) Rule 4.3(c), deals with unrepresented persons. Again, the Respondent denies that violation.

h) Rule 8.4(a) involves misconduct, generally, and in violating the Rules. The Respondent denies that.

i) Rule 8.4(c) involves misconduct, involving dishonesty, fraud, deceit, or misrepresentation. The Respondent vigorously denies any such misconduct, and there was no evidence presented.

The Respondent filed a Motion to Dismiss on laches and presented evidence on laches during the trial. The Respondent,

in 2023, initially received a DB-7 letter which he timely answered in the summer of 2023. Nothing further happened until 2025. The Respondent, did send additional material in December 2024 when requested. The Petition for Discipline was not filed until March 31st, 2025. The prejudice to the Respondent is due to the fact that the Respondent has been practicing law since 2022 during the entire time, as a sole practitioner now, and has developed a new law practice. The delay of filing a Petition for Discipline until 2025 has prejudiced the Respondent since five years have passed and his new practice is doing very well. Further, at least one of the Respondent's important witnesses died in 2021.

The attorney disciplinary trial began on August 19th, 2025, continued on August 20th, 2025, and ended August 21st, 2025. A new date was then set, and the trial picked up and concluded on November 17th, 2025.

The Office Disciplinary Council asked for extension of the word count in her Brief from 6,000 words to 18,500 words. Mr. Stretton had no objection, and that was granted for both sides. Mr. Stretton's Brief is now due on or about March 4th, 2026.

At the trial, Mr. Stretton, on behalf of Mr. Pauciulo, vigorously opposed the allegations. The Office of Disciplinary Council presented on the first day of testimony their expert witness on securities law from Villanova Law School, Professor

Richard Booth. On the second day, Professor Booth finished his testimony, and two investors, Bradford Beebe and Joseph Greenberg testified.

On the third day, as part of Mr. Stretton's case, Dean Vagnozzi testified, David Laigaie, Esquire, a former partner of Mr. Pauciulo, and who was involved with the case, testified, and John Pauciulo testified in great detail.

On the fourth day, John Pauciulo's testimony was completed and then character and fact witnesses were presented. Those character witnesses included Daryl Cilli, Maureen Long-Grasso, Shannon Slusher, Kurt Kwak, Esquire, Paul Pauciulo, Esquire, Fiona Jamison, Ph.D., Todd O'Karma, Gary Schildhorn, Esquire.

The Office of Disciplinary Counsel, presented out of turn, William Sasso, Esquire. The final witness for Mr. Stretton's case was character witness, Michael Herzog, Esquire.

There were no witnesses presented by the Office of Disciplinary Counsel as to any misconduct of Mr. Pauciulo with PAR. Nor was any evidence of any knowledge of Mr. Pauciulo about PAR or any involvement with the PAR misconduct. The evidence demonstrated that Mr. Pauciulo was a very experienced attorney in the areas of corporate and security law and he did an excellent job in advising his client as to their options and what they could do. There was absolutely no evidence of any deals or misconduct or agreements, or conspiracies of Mr.

Pauciulo and PAR people as alleged in the Petition for Discipline. The Respondent is requesting the allegations be dismissed since the Office of Disciplinary Counsel has failed in their burden of proof to show any Rule violations by clear and convincing evidence.

II. ISSUES PRESENTED FOR REVIEW

1. Should the case be dismissed on laches since the Respondent fully answered the initial DB-7 letter issued in the spring of 2023, and then when provided additional information in the end of 2024 when asked, and the Petition for Discipline was not filed until March 31st, 2025? Did the Respondent obviously suffer severe prejudice since the PAR matter ended in 2020, and the Respondent has been practicing law as a sole practitioner, and developed a substantial practice, which will be damaged at this late date due to the long delay? Further, the Respondent suffered additional prejudice by the 2021 death of his law partner who would have been a witness? Therefore, should the case be dismissed on the Doctrine of Laches?

2. Did the Office of Disciplinary Counsel fail in its burden of proof by clear and convincing evidence that Respondent, John Pauciulo, did not violate any Pennsylvania Rules of Professional Conduct, Rules 1.1, Rule 1.3, Rule 1.7(a)(1), Rule 1.7(a)(2), Rule 4.3(a), Rule 4.3(b), Rule 4.3(c), Rule 8.4(a), and Rule 8.4(c)? Did the evidence presented by the Office of Disciplinary Counsel fail to support any finding of any violations of the Rules of Professional Conduct? Does the evidence presented by the Office of Disciplinary Counsel consist primarily of hearsay allegations and speculation of any misconduct by the Respondent? Did Mr. Pauciulo properly

represent his client on difficult and interesting securities and exchange issues, particularly under Regulation D? Did he provide advice consistent with the law and the advancement of the law to Mr. Vagnozzi and his company?

3. Should this case be dismissed and no discipline imposed since there is no evidence of the Respondent's misconduct, and since the Respondent presented excellent character testimony, and excellent evidence as to his excellent current law practice, and the evidence showing his knowledge and expertise in the areas of corporate law and securities law, and the evidence showing he had no prior history of attorney discipline? If there is any discipline, should the discipline be minor and private?

III. PROPOSED FINDINGS OF FACT AND CONCLUSIONS OF LAW

1) John Pauciulo testified initially on the laches issue. He testified a key witness, who he would have called, had passed away due to the delay, and that witness was Attorney Gary Miller, (8/21 N.T. 217 and 218). He had worked with John Pauciulo on the Dean Vagnozzi case in the securities practice group, (8/21 N.T. 218). Mr. Miller could have confirmed meetings with Dean Vagnozzi and could have confirmed that Dean Vagnozzi told Mr. Pauciulo to stop working on the diligence issue. Mr. Miller died in 2021 of pancreatic cancer, (8/21 N.T. 218 and 219).

2) In reference to laches, Mr. Pauciulo indicated he agreed in June of 2022 to a five-year prohibition before practicing for the SEC where there was no admission of liability, and he reported that to the Office of Disciplinary Counsel in July of 2022, (8/21 N.T. 220, 221 and 223).

3) Mr. Pauciulo, in reference to laches, said he did not hear from anyone from Disciplinary Counsel until the DB-7 letter was sent in the summer of 2023, (8/21 N.T. 224). Mr. Pauciulo testified he left his law firm of Eckert Seamans in May of 2022 and has started his own law practice and has represented clients ever since through the time of the hearing, (8/21 N.T. 225 and 226). He said he received a letter from the Office of Disciplinary Counsel in June or July of 2023 and timely answered

the letter in the summer of 2023, (8/21 N.T. 226). He said the Petition for Discipline was not filed until March 31st, 2025, and he noted in December of 2024, he received a notice from the Office of Disciplinary Counsel about providing some additional written material, (8/21 N.T. 226 and 227). Mr. Pauciulo testified during the delay, he rebuilt his law practice, and his law practice would be affected and this would have a tremendous detrimental effect on both himself and his clients, (8/21 N.T. 227 and 228). Further, the delay prejudiced Mr. Pauciulo since due to the passage of time, memories faded and documents were not available.

4) On the laches issue the Office of Disciplinary Counsel indicated they had no witness, (8/21 N.T. 235).

5) Mr. Pauciulo then testified on the merits of the case. He testified he was 59 years of age to the time of hearing. He testified he was single at the time of the hearing, (8/21 N.T. 240).

6) Mr. Pauciulo testified he graduated from Villanova University with a major in history in 1987 and then attended Temple Law School and graduated with his JD in 1990, (8/21 N.T. in 240 and 241)

7) Mr. Pauciulo testified he was admitted to practice law in December 1990 in Pennsylvania. He initially practiced for two years in New York with the Securities and Exchange Commission

and then began practicing in Pennsylvania in 1992 and has been practicing law in Pennsylvania on a continuous basis through the time of the hearing, (8/21 N.T. 241 and 242).

8) Mr. Pauciulo testified when he worked for the SEC, he worked there for twenty-two months, and was a staff attorney in the Division of Enforcement, (8/21 N.T. 242). Mr. Pauciulo testified he then left the Securities and Exchange Commission and began work with the West Chester law firm of Lamb McErlane, PC in West Chester, Pennsylvania, (8/21 N.T. 242). Mr. Pauciulo testified he worked for that firm for about four and a half years and had a wide range of clients, particularly in the business law and corporate law and buying and selling business and real estate, (8/21 N.T. 242 and 243).

9) After working for Lamb McErlane, PC, sometime in 1996, he joined the legal department of the Pep Boys, Manny, Moe, and Jack, and worked there for approximately two years in their corporate headquarters in Philadelphia, (8/21 N.T. 243 and 244). He did commercial real estate development and then corporate and securities work, (8/21 N.T. 244. In 1998, Mr. Pauciulo left the Pep Boys and joined the law firm of White and Williams in Philadelphia, Pennsylvania. He worked at White and Williams for twelve years and was elected a partner in 2001. He worked in the business department and handled corporate transactions, mergers, acquisitions, corporate finance, commercial lending, and

securities work. He was chair of the corporate group in that firm, (8/21 N.T. 245). In 2010, Mr. Pauciulo left White and Williams and joined the Eckert Seamans law firm. He worked as a partner in that firm's Philadelphia office. At that firm, he was chair of the corporate transaction practice group. His main job was to oversee work that the associates were performing and also represented clients, (8/21 N.T. 246 and 247). At Eckert Seamans, he did quite a bit of securities work.

10) Mr. Pauciulo testified he did represent Dean Vagnozzi and a Better Financial Plan, but also had many other clients. He generated between \$90,000.00 and \$110,000.00 a year in fees from this client during the last five years he was working with the law firm, (8/21 N.T. 250). Mr. Pauciulo was also admitted in practice law in the state of New Jersey and was admitted to practice law in the United States District Court for the Eastern District of Pennsylvania. He testified he was in good standing in those courts, (8/21 N.T. 250).

11) Mr. Pauciulo testified he had never been disciplined in Pennsylvania, (8/21 N.T. 250 and 251).

12) Mr. Pauciulo testified sometime in 2004, Dean Vagnozzi was referred to him by another lawyer when Mr. Pauciulo was still working at White and Williams, (8/21 N.T. 251).

13) He testified Dean Vagnozzi asked him and he prepared paperwork for the formation of a Better Financial Plan, LLC in 2010, (8/21 N.T. 252).

14) Mr. Pauciulo testified he represented Dean Vagnozzi in various investments and unregistered securities, (8/21 N.T. 252 and 253). Mr. Pauciulo testified he also worked at White and Williams in cases of securities and unregistered securities, (8/21 N.T. 253 and 254).

15) Mr. Pauciulo testified when he went to Eckert Seamans in 2010, he continued to represent Dean Vagnozzi and also other clients on securities and unregistered securities, (8/21 N.T. 254).

16) Mr. Pauciulo testified between 2010 and 2016 his representation of Dean Vagnozzi was the same as it had been at White and Williams. Mr. Vagnozzi was interested in creating a vehicle to make some kind of investment in some kind of business but did not want to violate any securities regulations. Mr. Pauciulo testified he advised Dean Vagnozzi about Regulation D, and the number of accredited versus unaccredited investors they could have. He talked about general solicitation under registration D, (8/21 N.T. 254 and 255).

17) Mr. Pauciulo testified he knew the area of unregistered securities and Regulation D extensively and had studied it and practiced in it, (8/21 N.T. 257).

18) Mr. Pauciulo said he also consulted with other lawyers in his firm who did SEC work when he was putting together various packages to advise Mr. Vagnozzi and other security clients on unregistered securities, (8/21 N.T. 256).

19) Mr. Pauciulo testified he did not know of or become aware of PAR Funding until March or April 2016, (8/21 N.T. 256).

20) Mr. Pauciulo testified he never, ever represented PAR Funding or Lafort or any other people associated with PAR and their funding group, (8/21 N.T. 256 and 257).

21) Mr. Pauciulo testified during the years of his representation of Dean Vagnozzi, he never invested in any of Mr. Vagnozzi's investments, (8/21 N.T. 257).

22) Mr. Pauciulo testified he never, ever invested in anything done by PAR Funding, (8/21 N.T. 257). Mr. Pauciulo testified during the years he represented Dean Vagnozzi and a Better Financial Plan, he was never paid any money, and the only funds received were by his law firm when he sent billing invoices to Dean Vagnozzi to be paid, (8/21 N.T. 257).

23) Mr. Pauciulo testified on average each year he would bill Dean Vagnozzi between \$90,000.00 to \$110,000.00 each year for work performed, (8/21 N.T. 257 and 258).

24) Mr. Pauciulo denied ever introducing Dean Vagnozzi with the PAR Funding people. He testified that he learned about PAR Funding from Dean Vagnozzi, (8/21 N.T. 258).

25) Mr. Pauciulo was shown Exhibit "R-1", a May 2nd, 2016 email from Dean Vagnozzi to Mr. Pauciulo about PAR Funding, (8/21 N.T. 258).

26) Mr. Pauciulo was shown Exhibit "R-2", a letter of June 10th, 2016 from Dean Vagnozzi to Joe McElhone, (8/21 N.T. 260). Some of the emails reference William Sasso, who was a securities lawyer at Stradley Ronin and ultimately their managing partner, (8/21 N.T. 260).

27) Mr. Pauciulo testified he held Bill Sasso in high regard as a business and corporate lawyer in Philadelphia, and Bill Sasso, at that point, was representing PAR Funding, (8/21 N.T. 261).

28) Mr. Pauciulo testified he talked with Bill Sasso about the potential investment by Dean Vagnozzi in or with PAR Funding. He talked about what that might look like.

29) Mr. Pauciulo testified, at least during 2016, Mr. Sasso was representing PAR Funding, and in later years the Fox Rothschild firm represented PAR Funding, (8/21 N.T. 262, 263 and 264).

30) Mr. Pauciulo testified that Fox Rothschild represented PAR Funding for a number of years, and he dealt primarily with Brett Berman, the head of Fox Rothschild's commercial litigation practice, (8/21 N.T. 264).

31) Mr. Pauciulo then described Exhibit "R-3", an email dated April 28th, 2016, to Joe Cole of PAR Funding, and when he was to meet with Mr. Cole to do due diligence on PAR Funding on behalf of Dean Vagnozzi, (8/21 N.T. 264, 265).

32) Mr. Pauciulo testified he wanted to see additional documents such as list of shareholders, and a capitalization table, which shows the list of shareholders and their various degrees of ownership, (8/21 N.T. 268). Mr. Pauciulo testified as to Exhibit "R-4", an email dated April 19th, 2016, where he was back and forth with Joe Cole requesting additional information, (8/21 N.T. 269).

33) Mr. Pauciulo then indicated on April 16th, 2016, he went to the PAR Funding offices on Third Street in Philadelphia and met with Joe Cole and was led around the office, met four or five people, and Joe Cole did a presentation by PowerPoint on PAR Funding, (8/21 N.T. 269, 270 and 271).

34) Mr. Pauciulo said he met Lisa McElhone, who was identified as the president. He said he did not know then, and was not told that she was the wife of Joseph Lafort. He said he met Joe McElhone, and he only later came to learn his real name was Joseph Lafort. He said he later learned Mr. Lafort was the head of PAR, but he did not know it at the time, and his understanding was that Lisa McElhone was the head of PAR, (8/21 N.T. 271 and 272).

35) Mr. Pauciulo said he was never told anything about Joseph Lafort and was not given his name. He said he did not learn Lafort's real name until early 2018, (8/21 N.T. 273). He said a lot of people called Lafort "Joe Mack", (8/21 N.T. 273).

36) Mr. Pauciulo then was shown Exhibit "R-5", where he made a request on April 20th, 2016, for additional documents sent to Joseph Cole, (8/21. N.T. 274).

37) Mr. Pauciulo testified in his securities practice, it was very normal not to request a criminal background in matters unless there was some indication of criminal conviction. He said he never obtained any criminal background check on PAR. He said due diligence dealt more with the corporate structure, how it was organized, who were the shareholders, what was the capitalization, what were the financials, etc., (8/21 N.T. 275 and 276).

38) Mr. Pauciulo said he asked if there were any pending proceedings against the company or any directors in Exhibit "R-5", (8/21 N.T. 276 and 277).

39) Mr. Pauciulo was then shown Exhibit "R-6", a July 12th, 2016, email between himself and Dean Vagnozzi and Exhibit "R-7", a second email between himself and Dean Vagnozzi in July of 2016. The emails talked about the investment process in PAR Funding, (8/21 N.T. 281 and 282).

40) Mr. Pauciulo testified during that time period of June and July of 2016, Dean Vagnozzi communicated directly with people from PAR, and Mr. Pauciulo was not aware of that, as shown by Exhibits "R-8" and "R-9".

41) Of great importance was Exhibit "R-10", an email from Dean Vagnozzi dated August 2nd, 2016, to John Pauciulo where he clearly said "but I don't want you to do any billable work unless you are requested. Thanks for the understanding," (8/21 N.T. 284).

42) Mr. Pauciulo testified he had an understanding. Mr. Dean Vagnozzi did not want him to do any more work on the due diligence issue. Mr. Pauciulo testified after he got that email, he did not do any further due diligence work, (8/21 N.T. 285, 286, and 287).

43) Mr. Pauciulo testified after that August 2nd, 2016 email, he did no further investigation on PAR on the due diligence issue, (8/21 N.T. 287 and 288).

44) The Respondent was then shown Exhibit "R-11" a October 27th, 2016 email involving questions and answers between him and Dean Vagnozzi where he explained Regulation D and noted there could be no more than 35 non-accredited investors on any one fund, (8/21 N.T. 290).

45) Mr. Pauciulo testified as a result of that email, Dean Vagnozzi was contemplating doing something different with PAR, (8/21 N.T. 290).

46) Mr. Pauciulo then was shown the December 20th, 2018 email to Dean Vagnozzi, marked Exhibit "R-12". There were some questions about investment and his now deceased partner Gary Miller was mentioned in the emails, (8/21 N.T. 291 and 292).

47) Mr. Pauciulo discussed the time period in 2018 was when the New York Securities Investigation began. He noted Dean Vagnozzi received a subpoena from them. He indicated his law partner David Laigaie also was helping him on that investigation, (8/21 N.T. 294 and 295).

48) John Pauciulo testified at that time, Dean Vagnozzi was trying to sell the unregistered securities that did not have to be registered. Mr. Pauciulo said his advice was generally speaking under Regulation D to comply with the exemptions, and there was a prohibition against general solicitation. He then said he told Dean Vagnozzi about the exceptions of no general solicitation and no sale only to someone with whom he had a pre-existing relationship. These were set forth in the aforementioned email, (8/21 N.T. 295 and 296). Mr. Pauciulo emphasized he had conversations with Mr. Vagnozzi about need for a pre-existing relationship to persons under the Regulation D, (8/21 N.T. 297 and 298). He indicated Attorney Gary Miller would

have confirmed these facts if he had not passed away, (8/21 N.T. 298).

49) John Pauciulo testified that when he and David Laigaie met with the SEC people in New York, the SEC confirmed that John Pauciulo's approach on multi-touch strategy was interesting. But Mr. Pauciulo stated that the SEC told him that that is not what Dean Vagnozzi was doing as he was offering the securities to people he just met and not following Mr. Pauciulo's advice, (8/21 N.T. 299).

50) John Pauciulo stated after the New York SEC matter was resolved and neither he or Dave Laigaie were penalized and disciplined and there was no finding of fraud, (8/21 N.T. 300). He testified that the SEC found Dean Vagnozzi had violated Regulation D because of his general solicitation. There were two funds where he sold to more than 35 non-accredited investors. Mr. Pauciulo testified he raised these issues with Dean Vagnozzi, and said he made the changes, (8/21 N.T. 300 and 301).

51) John Pauciulo indicated the SEC New York matter was finally resolved around June of 2020, just several months before the Florida SEC office filed a temporary restraining order in July of 2020, (8/21 N.T. 301 and 302).

52) Dave Laigaie testified that he worked with Eckert Seamans and had worked with John Pauciulo on the Dean Vagnozzi matter. Mr. Laigaie had served as a Disciplinary Board Hearing

Committee Member for six years previously, (8/21 N.T. 189 and 190). He Testified as to a multi-touch approach developed by John Pauciulo. He Testified when John Pauciulo explained that to SEC regulators in New York, they said that was interesting, but they said it did not make any difference since Dean Vagnozzi had not done that and was selling securities for the first time when meeting people which was not allowed and did not follow Mr. Pauciulo's advice, (8/21 N.T. 197 and 198). Mr. Laigaie confirmed what John Pauciulo told the panel about the discussions with the New York SEC.

53) Mr. Pauciulo also noted there was a Pennsylvania securities investigation, which was only against Dean Vagnozzi. Pennsylvania was investigating Mr. Vagnozzi as acting as a finder for PAR Funding, where his activities went beyond the scope of the finding activities, (8/21 N.T. 305). Mr. Pauciulo testified he then represented Dean Vagnozzi before the Pennsylvania SEC, and it was resolved, settled on a no-deny basis, and there was a finding of Dean Vagnozzi going beyond the scope of a finder, (8/21 N.T. 306). Mr. Pauciulo also testified there was a New Jersey security investigation going on at the same time. Mr. Pauciulo indicated he was not involved in that, to the best of his recollection, (8/21 N.T. 307).

54) Mr. Pauciulo then testified there was a Texas investigation going on in 2019 to 2020. He said he did not

represent Mr. Vagnozzi in Texas, but recommended that Mr. Vagnozzi hire a Texas lawyer to represent him. This was confirmed in Exhibit "R-14", an email from Dean Vagnozzi dated January 3rd, 2019. His response to that email was seen in Exhibit "R-15", dated January 3rd, 2019, where Mr. Pauciulo again reiterated to Dean Vagnozzi that he should represent more than just one company in his investment. Mr. Pauciulo indicated it is not prohibited to have just one company, but it is much better to have multiple companies, (8/21 N.T. 308, 309 and 310).

55) Mr. Pauciulo was shown Exhibit "R-17" on March 31st, 2019, an email from Dean Vagnozzi where he was encouraging prospective investigators to do further due diligence, (8/21 N.T. 312 and 313). He was then shown Exhibit "R-19". This was an email where, again, he was providing Dean Vagnozzi advice as to what he could do and not do with these unregistered securities, (8/21 N.T. 314 and 315).

56) Mr. Pauciulo testified he was advising Dean Vagnozzi how to create legal entities to act as a vehicle for the fund and advising him about the need for private placement memorandum and advised on the sale methods and things of that nature, (8/21 N.T. 317).

57) Mr. Pauciulo testified in March of 2020, PAR Funding told Dean Vagnozzi they were not paying payment any more on the \$130 million investment. Mr. Pauciulo indicated that he spoke

with Mr. Vagnozzi they and also had some videos with some of the investors as to what the strategy was going to be. Mr. Pauciulo testified the reason he did so was he wanted to help Dean Vagnozzi and thought he could do a better job explaining the options than Dean Vagnozzi could, (8/21 N.T. 317 and 318).

58) Mr. Pauciulo testified he laid out the options to the investors and Mr. Vagnozzi agreed to proceed and restructure the promissory notes. Mr. Pauciulo said he never told any of the investors that he was acting as their attorneys or that he represented them. He always said that he was Dean's attorney and so did Dean Vagnozzi, say that, (8/21 319 and 320).

59) Mr. Pauciulo stated he did not see as a conflict at that point. He said he did not sell these securities to anyone. He just wanted to explain objectively what happened and what their options were, (8/21 N.T. 320).

60) Mr. Pauciulo testified none of the investors ever paid him any monies or fees nor did he have a fee agreement with them since he did not represent them. Mr. Pauciulo said in his mind he represented only Dean Vagnozzi and his company, (8/21 N.T. 320 and 321. Mr. Pauciulo said he was never trying to give advice to unrepresented people. He was trying to explain the options to them on behalf of Dean Vagnozzi, (8/21 N.T. 321, 322 and 323).

61) Mr. Pauciulo emphatically denied ever misleading anyone, investors, or Dean Vagnozzi about any material information and he never violated Rule 8.4(c), (8/21 N.T. 323).

62) Mr. Pauciulo denied violating Rule 1.3 on diligence and Rule 1.1 on competence. He denied violating either of those Rules. Mr. Pauciulo said he followed his client's direction on the diligence issue and stopped when he was told to do so, (8/21 N.T. 323).

63) Mr. Pauciulo denied ever working directly or indirectly with PAR. Mr. Pauciulo's testimony was as follows:

"A. At no time did I work or scheme with Par or any of their representatives. I viewed Par as an adverse party. I represented a lender. They were the borrower. So I never, never schemed with them to do anything.

Q. And were you ever paid any monies or given any benefits from Par or any of their subsidiaries or their various officers at any time or gifts or anything during your entire involvement with these matters?

A. I never received anything from Par, whether compensation or gift or anything like that."

64) Mr. Pauciulo denied any violation of the Rules of Professional Conduct, (8/21 N.T. 322 through 325).

65) Dean Vagnozzi testified, (8/21 N.T. 32). The importance of his testimony was to show there was no

relationship between John Pauciulo, Dean Vagnozzi, and PAR Funding or their people.

66) Mr. Vagnozzi testified he had received an accounting degree from Albright College in the early 2000s for selling life insurance, (8/21 N.T. 32 and 33).

67) He stated Attorney Sal Bello, in King of Prussia, referred him to John Pauciulo and he asked John Pauciulo to structure a fund to raise money to invest in real estate, (8/21 N.T. 34).

68) He testified that he first met John Pauciulo in 2004 when John Pauciulo worked for White and Williams, (8/21 N.T. 34 and 35).

69) He continued with Mr. Pauciulo when Mr. Pauciulo left White and Williams and went with Eckert Seamans in 2010, (8/21 N.T. 35).

70) He stated in 2004 to 2010, neither he or John Pauciulo had any involvement with PAR or even knew about them, (8/21 N.T. 35).

71) He testified in 2008, John Pauciulo did his legal work. He had 30 people invest millions of dollars in real estate and land development, (8/21 N.T. 35 and 36). He continued to sell life insurance during that time, (8/21 N.T. 37).

72) He testified John Pauciulo formed his corporation of a Better Financial Plan in 2010, (8/21 N.T. 38).

73) He testified that John Pauciulo was paid when his law firms had bills. He would pay the invoices to Eckert Seamans, (8/21 N.T. 39).

74) He testified John Pauciulo never invested in any of his projects or businesses, (8/21 N.T. 39). He testified that no one from Eckert Seamans ever invested in any of his businesses, (8/21 N.T. 40).

75) Mr. Vagnozzi said he met Joe Lafort while playing golf in 2016, and learned that he had a merchant cash business. They had another meeting with Joe Lafort to learn about the business, (8/21 N.T. 40 and 41). He indicated John Pauciulo was not with him when he met Mr. Lafort. He indicated John Pauciulo was never involved with Mr. Lafort or with PAR Funding, (8/21 N.T. 40, 41, and 42). He testified that he met with some of the PAR people, and they had an attorney there also, (8/21 N.T. 42 and 43). He testified that Joe Lafort had different names of Joe Mac or Joe McElhone, (8/21 N.T. 43 and 44).

76) He then testified that at a point he was consulting with John Pauciulo, and he asked John Pauciulo to check out PAR Funding, (8/21 N.T. 46).

77) Mr. Vagnozzi was shown Exhibit "R-5". He said he did not recall seeing that document. He said he was not sure what John Pauciulo took with him when he met with the PAR people, (8/21 N.T. 48).

78) He testified that at some point, it was his understanding that PAR decided not to do business with him at that point, (8/21 N.T. 49 and 50).

79) Dean Vagnozzi testified it was his desire to establish a fund like he had done in the past with other clients following Mr. Pauciulo's advise. He wanted to do a PPM with PAR, but for some reason he then changed his mind, (8/21 N.T. 50).

80) Mr. Vagnozzi testified that in May, June, July, and August of 2016, he asked about the status of the due diligence request on PAR with the Respondent, John Pauciulo. He said he did not know because at that time if they were not going to be doing business with PAR Funding, (8/21 N.T. 55).

81) Mr. Vagnozzi was shown the Exhibit "R-10" an e-mail dated August 2nd, 2016, from Mr. Vagnozzi to John Pauciulo, telling him to not do any more work or billing, (8/21 N.T. 55 and 56).

82) Mr. Vagnozzi testified this was a total misunderstanding and that he did not remember telling John Pauciulo to stop doing due diligence, (8/21 N.T. 57 and 58). He said John Pauciulo misunderstood that and that was not his fault, (8/21 N.T. 58).

83) Dean Vagnozzi indicated, though he did not remember saying to stop doing due diligence, and he said "in fairness to him [John Pauciulo], maybe he just stopped it because I didn't

think we were going to do any work with them," (8/21 N.T. 60 and 61).

84) Mr. Vagnozzi testified, in 2016, he was not aware of the criminal convictions of Mr. Lafort.

85) In the end of 2016, Mr. Vagnozzi said he wanted to act as a finder for PAR because he thought it would be a sound investment. He indicated John Pauciulo was not really involved at that point, (8/21 N.T. 61, 62, and 63).

86) He confirmed that he received the Exhibit "R-11" e-mail from John Pauciulo about private placement under Regulation D, and there could be no more than 35 non-accredited investors in any one fund, and confirmed that is what John Pauciulo told him, (8/21 N.T. 65).

87) Mr. Vagnozzi was shown Exhibit "R-12" where the e-mail indicated he needed to invest in multiple companies. The e-mail showed that John Pauciulo was providing correct legal advice to Dean Vagnozzi during the 2016, 2017 and 2018 time periods, (8/21 N.T. 67, 68, 69, 70, 71, and 72). He confirmed that John Pauciulo did tell him it would be better to have more than one company, (8/21 N.T. 78).

88) Mr. Vagnozzi also confirmed that John Pauciulo told him that he cannot solicit directly, and had to meet people over a period of time before offering any investment, (8/21 N.T. 80, 81 and 82).

89) Mr. Vagnozzi stated at the meetings in 2017, 2018, and 2019, he talked high level but never offered any investments initially at those meetings, (8/21 N.T. 83 and 84). Mr. Vagnozzi confirmed that John Pauciulo talked about general solicitation to him and what he could or could not do. He said he had to be vague during general solicitation, (8/21 N.T. 88 and 89).

90) Mr. Vagnozzi testified in March of 2020, he received notice from PAR that they were going to stop payments. He was shocked because they had been paying 20%, (8/21 N.T. 91 and 92). He confirmed that John Pauciulo had no interest financially in the business, (8/21 N.T. 92).

91) Mr. Vagnozzi testified that he when was notified, he lost his mind for a period of time and could not function, but he eventually called John Pauciulo two days later. He testified that \$100 million, if not more, was at issue, (8/21 N.T. 93, 94 and 95). Mr. Vagnozzi also confirmed that John Pauciulo was never paid by PAR at any time, (8/21 N.T. 95). Mr. Vagnozzi testified the reason he came in to testify was because it was wrong what they were saying about John Pauciulo who did not have a dishonest bone in his body and there was no way he would work for Mr. Lafort or cheat or rip anyone off, (8/21 N.T. 96 and 97).

92) The Office of Office of Disciplinary Counsel called as an expert witness Professor Richard Booth from Villanova Law

School, (8/19 N.T. 132 and 133). Mr. Booth, on cross-examination, was shown documents that Mr. Pauciulo had told Mr. Vagnozzi to invest in many other companies, which undermined his testimony that Mr. Pauciulo did not give such advice, (8/20 N.T. 88, 89, 90 and 91).

93) Mr. Booth testified he was being paid \$500 an hour and was not sure how much he was owed by the Office of Disciplinary Counsel, but it was more than \$30,000 for his testimony, (8/20 N.T. 91).

94) Mr. Booth also indicated many of his opinions were based on the allegations in the Petition for Discipline and not proven facts, (8/20 N.T. 91).

95) Mr. Booth agreed that most of the documents the Disciplinary Counsel gave him were allegations, not judicial findings, (8/20 N.T. 92 and 93).

96) When asked if he ever practiced securities law, Professor Booth indicated he practiced in New York with a big law firm for six years, (8/20 N.T. 94).

97) He testified, as a practicing lawyer, he never prepared an registration statement or a PPM, (8/20 N.T. 95).

98) He was questioned about his opinion that the promissory notes violated the Securities Act and was questioned about specifics and exceptions, (8/20 N.T. 95 and 96).

99) He was asked if he thought Mr. Vagnozzi was working for PAR and acting as their agent, he said they were, but the evidence showed to the contrary, (8/20 N.T. 96).

100) Mr. Booth agreed that he had not looked into what Mr. Vagnozzi was doing with his own company, (8/20 N.T. 97).

101) The expert agreed that he only looked at one private placement memorandum and did not look at the others, (8/20 N.T. 105 and 106). He agreed he only reviewed one subscription agreement, (8/20 N.T. 107).

102) Mr. Booth agreed that in the videos, John Pauciulo never identified as anyone's lawyer but Dean Vagnozzi's lawyer, (8/20 N.T. 108, 109, 112 and 113).

103) Mr. Booth was asked the question about the gray areas and unsettled areas in securities law. He agreed that lawyers sometimes try to change or push the law to make changes, (8/20 N.T. 113 and 114).

104) He was questioned about the multi-touch concept developed by Mr. Pauciulo, and he testified that he could imagine the argument being made, but it would be a steep climb, (8/20 N.T. 160 and 117).

105) Mr. Booth, the expert, agreed that the videos of Mr. Pauciulo, when he was talking with investors and Dean Vagnozzi, noted three options. The first being suing PAR with resulting consequential delay. The second, being involuntary bankrupt. The

third, trying to renegotiate a note that would have a longer term but only at four or five percent interest, (8/21 N.T. 126).

106) Mr. Booth had to agree that there was evidence that the investors agreed to the third option, and the deal went forward until the SEC from Florida closed PAR down in July of 2020, (8/20 N.T. 129).

107) Mr. Booth was questioned also on the fact that Mr. Lafort's original conviction in 2005, was beyond the 10-year period and didn't have to be disclosed, (8/20 N.T. 130 and 131).

108) Mr. Booth agreed to disagree on what were security violations and stated he did not check all the case law, (8/20 N.T. 135, 136 and 137).

109) Mr. Booth agreed that mere neglect would not be a violation of the security rules, (8/20 N.T. 138).

110) Bradford Beebe, an investor in Dean Vagnozzi's fund, testified, (8/20 N.T. 163).

111) There was great objection to his testimony, since it was not based on any direct knowledge about what Mr. Pauciulo did, (8/20 N.T. 180, 181, 182, and 183).

112) Mr. Beebe stated he lost 20% of his retirement fund, (8/20 N.T. 189).

113) Mr. Beebe, on cross-examination, indicated he never met or spoke to John Pauciulo. He only saw him through a video, (8/20 N.T. 246, 247, and 248).

114) Mr. Beebe indicated he understood that John Pauciulo represented Dean Vagnozzi and the Better Financial Plan, (8/20 N.T. 247).

115) Mr. Beebe agreed that he never retained John Pauciulo, and John Pauciulo was not his attorney, (8/20 N.T. 247 and 248).

116) Mr. Beebe stated he worked for Capital One and had financial knowledge and background, (8/20 N.T. 241).

117) Mr. Beebe testified after 2020, he did not seek the advice of any other lawyer, and made the decision to go forward because there was no other backup plan, (8/20 N.T. 250, 251 and 252).

118) Mr. Beebe stated he never had any direct discussions with John Pauciulo, (8/20 N.T. 256).

119) The Office of Disciplinary Counsel called another investor, Joseph Greenberg, (8/20 N.T. 261).

120) Mr. Greenberg testified it did matter to him that the Respondent was a lawyer with a big firm. He looked up the firm, (8/20 N.T. 287).

121) Mr. Greenberg, on cross-examination, said his tennis partner was also his lawyer, at least in 2020, and he spoke to his attorney/tennis partner and asked for his advice on the tennis court, (8/20 N.T. 288 and 289). He agreed that no one told him not to hire his own lawyer, (8/20 N.T. 289).

122) Mr. Greenberg agreed that he was told that John Pauciulo was only Dean Vagnozzi's lawyer, (8/20 N.T. 292). He said he did not regard Mr. Pauciulo as his lawyer, (8/20 N.T. 293).

123) Mr. Greenberg agreed that his tennis partner lawyer was spoken to, but he said his tennis partner lawyer really did not have anything to do with his decision, (8/20 N.T. 292, 293 and 294).

124) A number of character witnesses were called on behalf of John Pauciulo and all testified that his excellent reputation as a truthful and honest person and as a peaceful and law-abiding person. These persons were as follows.

125) Darryl Cilli, the CEO of Unlimited Academy, which is a sports training academy, testified that John Pauciulo was the general counsel for his business. He testified as to John Pauciulo's reputation in the community as a peaceful and law-abiding person was excellent, and that he was a truthful, honest person, and was excellent. In fact, he made John Pauciulo a Trustee for his children because he had that kind of confidence in him, (11/17 N.T. 130, 131 and 132).

126) Maureen Long-Grasso testified. She is a legal assistant with Eckert Seamans and worked with John Pauciulo when he worked at Eckert Seamans. She confirmed Mr. Pauciulo's excellent reputation as a truthful and honest person and as a

peaceful and law-abiding person, (11/17 N.T. 138 and 139). She testified he was an excellent attorney and he would always speak and have time for his clients.

127) Joseph O'Karma testified. He runs a small car service business. He has known John Pauciulo since he was ten years old and they grew up together in Wilkes Barre. He testified as to John Pauciulo's excellent reputation in the community as a peaceful and law-abiding person and a truthful and honest person, (11/17 N.T. 148, 149 and 150).

128) Attorney Gary Schildhorn testified. Mr. Schildhorn has been practicing law for 45 years and is of counsel to Eckert Seamans and does mostly commercial litigation, real estate, and corporate matters. He testified Mr. Pauciulo consulted with him on Mr. Vagnozzi's cases. He testified to Mr. Pauciulo's excellent reputation in the community as a truthful and honest person and as a peaceful and law-abiding person. He also testified John Pauciulo's work habits as an extremely diligent and conscientious attorney and very intelligent, (11/17 N.T. 155 and 156).

129) Attorney Michael Herzog testified. He has been practicing law in Pennsylvania for 25 years. He previously worked at the Eckert Seamans firm with Mr. Pauciulo. He described Mr. Pauciulo's work habits as excellent, (11/17 N.T. 175). He confirmed John Pauciulo's excellent reputation in the community

as a peaceful and law-abiding, truthful and honest person, (11/17 N.T. 176 and 177). Mr. Stretton also introduced Exhibit "R-23" a recent award John Pauciulo received as one of the best commercial corporate lawyers in the Philadelphia area, (11/17 N.T. 181).

130) Shannon Slusher testified. He had been a business partner with Mr. Cilli, who had previously testified. He has known John Pauciulo for 20 plus years, and John Pauciulo is still his attorney. He confirmed Mr. Pauciulo's reputation in the business community as a truthful and honest person, and as a peaceful and law-abiding person is excellent, (11/17 N.T. 186 and 187). He said he trusts John Pauciulo so much he has him manage one of his children's trusts, (11/17 N.T. 192).

131) Kurt Kwak, Esquire testified. He has been practicing law for 35 years in Pennsylvania and he has known John Pauciulo since they were three years old. He was roommates with John Pauciulo at Temple School of Law. He confirmed John Pauciulo's excellent reputation as a truthful and honest person, and as a peaceful and law-abiding person, (11/17 N.T. 195, 196, 197, 198 and 199).

132) Paul Pauciulo, an attorney and the brother of John Pauciulo, testified as to his brother's excellent reputation in the community as a truthful and honest person and as a peaceful and law-abiding person, (11/17 N.T. 227 and 228).

133) The Office of Disciplinary Council on the last day of trial called William Sasso who worked with Stradley Ronin, and at one time was their managing partner, (11/17 N.T. 163 and 164).

134) Mr. Sasso testified that PAR wanted to retain him as their counsel and in their proposed agreement they were contemplating doing business with Dean Vagnozzi. Mr. Sasso testified he spoke to Mr. Pauciulo on two occasions, in May and June of 2024, and had no further dealings with Mr. Pauciulo, (11/17 N.T. 165).

135) Mr. Sasso indicated he told PAR Funding not to do any business with Dean Vagnozzi, (11/17 N.T. 166).

136) Mr. Sasso met with the principals of PAR on June 20th and felt uncomfortable, and subsequently decided he would not represent PAR, (11/17 N.T. 167).

137) Mr. Sasso also said he asked the people in his library at the Stradley Ronin firm to do some investigation on PAR Funding. He said he was uncomfortable because the principal owner of PAR Funding was identified as a woman who ran a nail salon, and then he found that some of the principals in PAR Funding had changed their names, and there had been previous civil and criminal complaints. This was information his library staff provided him, (11/17 N.T. 160 and 169).

138) Mr. Sasso, on cross-examination, agreed he did not call Mr. Pauciulo or alert him as to what he found about PAR Funding, (11/17 N.T. 170).

139) The Hearing Committee finds that the Office of Disciplinary Counsel did not prove its case by clear and convincing evidence, and there were no violations of the charged Rules of Professional Conduct and the case is dismissed.

140) The Hearing Committee finds that Mr. Pauciulo at all pertinent times properly represented Dean Vagnozzi, advised him of his options under registration D investments which was consistent with the law of securities regulations, particularly Regulation D.

141) The Hearing Committee finds that Mr. Pauciulo was never involved with PAR Funding or any of their officers, had no dealings with them, and did not conspire with them.

142) The Hearing Committee finds that Mr. Pauciulo never received any monies other than his firm receiving payment for billed legal fees from Dean Vagnozzi.

143) The Hearing Committee finds that all of the allegations against Mr. Pauciulo should be dismissed since the Office of Disciplinary Counsel has not brought any credible evidence and, in fact, based this case primarily on hearsay.

144) The Hearing Committee further finds the case should be dismissed under the Doctrine of Laches due to the excessive

delay in bringing the charges against the Respondent and the prejudice he suffered as a result of the delay.

IV. ARGUMENT

A.) The case should be dismissed, pursuant to the Doctrine of Laches, due to the unexplained delay and great prejudice to the Respondent.

The issue of Doctrine of Laches was raised by Motion prior to the hearing. During the hearing, evidence was taken on laches. Particularly, John Pauciulo testified that a key lawyer witness, attorney Gary Miller, a partner in his law firm during pertinent times and who had worked with him on the case, died in 2021.

Second, John Pauciulo, was prejudiced since he left the Eckert and Seamans law firm and began his own law practice in 2022. For the last four years, he has built up a good practice. By delaying the bringing of these charges, Mr. Pauciulo could lose his current law practice, which he has spent the last four years building and working hard doing so. He testified this could also cause prejudice to some of his current clients.

The Petition for Discipline that began this case was filed on March 31st, 2025. The Petition outlined the various acts of misconduct. A timely Answer to the Petition for Discipline was filed.

Trial then began in August of 2025 and continued into November of 2025.

The Office of Disciplinary Council had received an anonymous complaint in March of 2020 and another complaint in 2022.

The Hearing Committee will recall, the SEC New York investigation was done in 2020. There were no findings against Mr. Pauciulo in that. The SEC investigation in Florida ended in 2022, where Mr. Pauciulo was fined and suspended from practicing for the SEC for five years, but there was no admission of any misconduct and he timely reported the decision.

The Respondent John Pauciulo was not sent a DB-7 Letter from the Office of the Office of Disciplinary Council until July of 2023. There was no explanation why there was a delay of several years. The Respondent cooperated with the Office of the Office of Disciplinary Council and filed a timely answer approximately a month or so later in 2023 to the DB-7 Letter.

Mr. Stretton raised the Doctrine of Laches in the answer to the Petition for Discipline.

In evaluating the Doctrine of Laches, the long time periods should be kept in mind. First, in April or May of 2016 is when the Respondent conducted due diligence with respect to PAR Funding until he was told to stop and not spend any more funds by Dean Vagnozzi. The Respondent never represented PAR Funding at any time and did not even know the people.

In 2018 to 2020, ongoing investments were made by Dean Vagnozzi in PAR. In March of 2020, PAR sent its Notice of Default to its investors, including Dean Vagnozzi. Mr. Vagnozzi then began to revise and renegotiate the loans for Dean Vagnozzi to attempt to restructure these investments.

On July 28th, 2020, the SEC in Florida filed a temporary restraining order against PAR, Mr. Vagnozzi, and others. There were other news articles in the Philadelphia paper on the subject. On July 7th, 2022, Mr. Pauciulo had an administrative settlement with the SEC in Florida on a no-admit, no-deny basis. Despite that, it was not until July 19th, 2023, the Office of Disciplinary Counsel sent the DB-7 Letter to Mr. Pauciulo's counsel, Samuel C. Stretton, Esquire. Mr. Stretton, on August 15th, 2023, sent a detailed response to Assistant Disciplinary Counsel Jeff Krulik, at the time. In December of 2024, the Office of Disciplinary Counsel asked for additional information. Nothing really happened for a year and a half until on March 31st, 2025, the Office of Disciplinary Counsel filed its current Petition for Discipline. Mr. Stretton then filed a timely answer to the Petition for Discipline and raised the Doctrine of Laches.

The Respondent contends the case should be dismissed due to the substantial delay of the Office of Disciplinary Counsel in filing a Petition for Discipline. There should be a dismissal of

these allegations against Mr. Pauciulo because of the Doctrine of Laches, which is an equitable doctrine. A key part of that doctrine is to show prejudice. Mr. Pauciulo has testified during the trial as to the delay and the great prejudice.

The Doctrine of Laches is an equitable doctrine that bars stale claims because of prejudice to the party.

The Doctrine of Laches is an equitable doctrine that bars stale claims because of the prejudice to the party. The Doctrine of Laches is set forth in Fulton v. Fulton 106 A.3d 127 (Pa. Sup. Ct., 2014):

"The Doctrine of Laches is an equitable bar to the prosecution of stale claims and is the practical application of the maxim of those who sleep on their rights must awaken to the consequences that have disappeared --- the question of whether Laches applies is a question of law --- the question of Laches itself however, is a factual --- and is determined by examining the circumstances of each case," Id 130.

In the case of Giddings v. State Board of Psychology 669 A.2d 431 (Pa. Comm. Ct., 1995), the Commonwealth Court noted that the Doctrine of Laches requires not only unjustifiable delay but also showing that opposing rights were prejudiced as a result of the delay, (see Giddings v. State Board of Psychology 669 A.2d 431 (Pa. Comm. Ct., 1995). In Giddings, in fact, the Court held there could be no Laches if there were not clean hands.

"The Board held that the appellant is precluded from asserting Laches because he does not assert this

equitable doctrine would clean hands. We agree. The doctrine of clean hands is grounded in a historical notion of a court of equity as a vehicle for affirmatively enforcing the requirements of conscious and good faith, and thus, any willful acts concerning the cause of action which rightfully can be said to transgress equitable standards of conduct is a sufficient cause for closing the door of a court of equity to one tainted when inequitableness ---," Id 434, 435.

In this case, clearly, John Pauciulo has clean hands. The Office of Disciplinary Counsel, due to their excessive delay, does not have clean hands.

The Doctrine of Laches was mentioned infrequently in several disciplinary cases over the years. One of the first times where it was not allowed was a case that Mr. Stretton worked with then Disciplinary Counsel-in-Charge, John Herron, back in 1977 and 1978 of In Re Oxman 437 A.2d 1169 (Pa., 1981). The Oxman case primarily stood for the concept that double jeopardy does not apply in attorney disciplinary matters. The Pennsylvania Supreme Court noted at that time that the primary purpose of attorney discipline is to protect the public, and the Court noted:

"If the conduct of a member of the bar disqualifies him from the practice of law, it would not be in the public interest to dismiss the disciplinary proceeding for no reason other than the bar's failure to prosecute them with proper dispatch," Id 1172.

The court went on to say:

"While due process may require dismissal of disciplinary charges if an inordinate delay has caused substantial actual prejudice," Id 1172.

The Court then in Oxman noted:

"While we expressly and emphatically disapprove of delay in these disciplinary proceedings, the record confirms that it was inadvertent and that it has not impeded appellant's right to a fair hearing. We thus conclude that the disciplinary counsel correctly refused to dismiss the petition for imposition of discipline," Id 1173.

The Court returned to the issue of Laches and equity in a case handled by Mr. Stretton entitled In Re Iulo 766 A.2d 335 (Pa., 2001). Mr. Iulo was primarily a reciprocal discipline case arising out of a disbarment in New Jersey. It was one of the few disciplinary cases where reciprocal discipline was not entered.

But the Court also discussed Laches:

"Respondent also argues reciprocal discipline is barred in this case by Laches. Laches is an equitable doctrine which precludes a party from pursuing a complaint when it is guilty of lack of diligence in asserting its rights such that the passage of time has caused prejudice to the opposing party," Id 338.

The court in Iulo noted that he was disbarred in New Jersey in 1989. The Court noted as follows:

"By waiting until 1999 to pursue reciprocal discipline, Respondent claims he has suffered prejudice. Respondent has been admitted to the Bar of Pennsylvania and taken in the obligations and encumbrances of a legal practice in this jurisdiction. To disbar Respondent now after allowing him to undertake the efforts of opening a practice in Pennsylvania would be unjust," Id 338.

The Court then rejected Laches, indicating since Mr. Iulo only became a lawyer in Pennsylvania in 1999, there would be no failure of due diligence by the Office of Disciplinary Counsel.

The Courts in Pennsylvania have held the Doctrine of Laches is applicable to disciplinary matters, but it is a difficult doctrine to prevail on. There have been other licensing boards where the Doctrine of Laches has prevailed. For instance, in the case of Shah v. State Board of Medicine 589 A.2d 783 (Pa. Comm. Ct., 1991), a four-and-a-half-year delay of a patient in reporting the physician resulted in the case being dismissed under the Doctrine of Laches, particularly since there were changes in the patient's account, key witnesses were unavailable, and witnesses did not remember specific details, Id 803, 804.

In the case of Commonwealth of Pennsylvania, ex rel., Pennsylvania Attorney General v. Griffin 946 A.2d (Pa., 2008), Judge Griffin was ultimately removed under a Quo Warranto Petition because of an old prior conviction. Mr. Stretton handled and argued that case. The Doctrine of Laches was discussed by the Pennsylvania Supreme Court.

"Laches bar relief on the plaintiff's lack of due diligence in failing to timely institute an action results in prejudice to another. Because it is an affirmative defense, the burden of proof is on the defendant or Respondent to demonstrate --- unreasonable delay and prejudice --- thus the party asserting Laches as a defense must present evidence

demonstrating prejudice from a lapse of time --- such as that the witness has died or become unavailable, that substantiating records were lost, or that the defendant has changed their position in anticipation, the opposing party has waived his claims --- further the question of Laches is factual and is determined by examining the circumstances of such case," Id 676, 677.

The Pennsylvania Supreme Court did not grant the Laches in the Griffin case, but noted Laches may apply in circumstances where there has been gross and unreasonable delay by the government, Id 677 and 678.

In this case there is severe prejudice to Mr. Pauciulo. A key witness, a lawyer who worked with him on many of these cases has died of pancreatic cancer and is no longer available. Further, years have passed now and it is difficult to be precise and to recall the details of what happened eight to ten years ago. Clearly, there is prejudice to Mr. Pauciulo since he has left the Eckert Seamans Cherin & Mellott firm and has begun his own practice, and his practice is starting to build. To at this late date bring these disciplinary actions many years later, again, results in prejudice.

One of the stronger cases in professional discipline for dismissing a case under the Doctrine of Laches is a case Mr. Stretton handled entitled In Re DeLeon 902 A.2d 1027 (Pa. Ct. of Judicial Discipline, 2006). This was a judicial disciplinary trial involving a Municipal Court Judge who was campaigning for

a position on the Pennsylvania Supreme Court during a year where there was no election. The Opinion dismissing the case on Laches was written by then Chief Judge Richard Sprague of the Court of Judicial Discipline. The Court found the delay was prejudicial. The Court noted the old rule of a 180-day time period, had been extended several times. The Court of Judicial Discipline noted that the Board should conduct its investigation with expedition and noted that the Board:

“--- not dawdle long, all the while leaving the judicial officer under investigation to wonder whether he will be facing formal charges or not. It follows that this requirement cannot be met nor this goal achieved without the concomitant requirement that the Board proceed with diligence in conducting its investigation,” Id 1031.

The Court of Judicial Discipline noted the Board extended its investigation for a period of two and a half years. The Court noted the following:

“We believe that such lengthy, unexplained delay such as occurred in this case, coupled with an egregious lack of diligence on the part of the Board such as is present in this case, which results in prejudice to the respondent, can only be remedied by dismissal of the charges,” Id 1031.

The Court of Judicial Discipline then discussed the subject of prejudice since they had found undue delay. The Court said lengthy delay can presume prejudice:

“However, there can come a time in a given case where the delay is so lengthy that prejudice can be presumed. We do not here specify what that length of time is or may be in any case --- save this case. We

hold that in this case the delay was such that prejudice may be presumed," Id 1032.

The Court also noted, in addition to the presumption, that the long delay did prejudice Judge DeLeon in his ability to prepare and present his case due to the passage of time.

There was never any real explanation of the delay by the Office of Disciplinary Counsel. The only evidence actually presented was the Office of Disciplinary Counsel's Petition for Discipline as ODC's Exhibit "86". ODC's Exhibit "92" was a November 18th, 2024, email from Assistant Disciplinary Counsel Krulik asking for additional records, and ODC's Exhibit "91" which was a letter dated December 6th, 2024 to Assistant Disciplinary Counsel Jeff Krulik from present counsel, Samuel C. Stretton, Esquire, responding.

As noted there had been a very detailed response to the DB-7 Letter that had been sent in the summer of 2023. There was never any explanation why complaints made in 2020 and 2022 and then with the SEC Florida matter being resolved in 2022, should result in a three-year delay for the Petition for Discipline which was not filed until March 31st, 2025.

This was a long delay. It is difficult to defend because people could not always remember specifics due to the passage of time. More importantly, at least one witness, Attorney Miller, from Mr. Pauciulo's office, who would have been a key witness,

had passed away from pancreatic cancer. Further, Mr. Pauciulo had begun his new law practice and developed it over the last four or five years. He is clearly prejudiced because suddenly these charges and matters that took place in 2016, 2017, 2018, 2019, and early 2020, which charged were not brought until 2025, almost five years later.

That is the kind of severe prejudice that warrants the Doctrine of Laches. There was never any explanation why it took so long.

In conclusion, the Respondent, John Pauciulo, respectfully requests that the case be dismissed on the basis of the Doctrine of Laches.

B) All charges should be dismissed and all Rule violations dismissed since the Office of Disciplinary Counsel failed in its burden of proof, and did not prove by clear and convincing evidence, that the Respondent, John Pauciulo, violated the charged Rules of Professional Conduct. A review of the evidence shows no direct evidence, but only hearsay, opinions based on unfounded decisions and allegations. Further, the Office of Disciplinary Counsel's evidence ignored the fact that the reason the fund collapsed was because the participants of PAR converted substantial funds, thereby making the investment unstable. Also ignored is the fact that the Office of Disciplinary Counsel never investigated or brought charges

against the attorneys who represented PAR Funding, who clearly should have been aware of what their client was doing.

With all due respect, as seen by the detailed recitation of facts set forth in the *Proposed Findings and Facts and Conclusions of Law* section of this Brief, there is absolutely no evidence that John Pauciulo did anything wrong. There was no evidence he received any monies other than the charged legal fees. There was no evidence he was involved in any of the investments. There was no evidence he had any dealings or contact with PAR Funding. In fact, the evidence only showed he did nothing more than be an aggressive, innovative lawyer advising his client on Regulation D for investment purposes. Throughout the entire proceeding, Mr. Stretton repeatedly objected to any lack of direct evidence or lack of any facts showing Mr. Pauciulo committing any misconduct.

The New York SEC investigation made no finding against Mr. Pauciulo in 2020, and in fact, as Mr. Pauciulo and his partner testified, the SEC lawyers were intrigued with his defense of multiple touches presented by Mr. Pauciulo. But the SEC said it did not make a difference because Mr. Vagnozzi had not followed Mr. Pauciulo's advice on the solicitation issue. The SEC investigation in Florida, which was resolved in 2022, resulted in Mr. Pauciulo agreeing to a five-year suspension of practice before the SEC and payment of a fine, but there was no admission

of any liability or misconduct by Mr. Pauciulo. There was not one witness who was presented who was able to testify to Mr. Pauciulo acting in collusion with the PAR people, to Mr. Pauciulo knowing the PAR people, to Mr. Pauciulo being aware of their criminal misconduct, or personally benefiting from it.

The Office of Disciplinary Counsel's case consisted primarily of an expert witness who, in cross-examination and as seen in the *Proposed Findings of Facts and Conclusions of Law*, agreed that many of his opinions were based on hearsay or allegations in the Petition for Discipline, but not on hard evidence. The two investors who testified clearly indicated Mr. Pauciulo was not their attorney. The evidence showed Mr. Pauciulo, at that point, was trying to save what he could for the investors of Mr. Vagnozzi and his efforts might have worked if the Florida SEC had not closed PAR down in July of 2020. Mr. Pauciulo had presented three options. One, sue PAR. Two, file involuntary bankruptcy. Three, renegotiate the PAR notes which Mr. Vagnozzi agreed to.

Mr. Sasso, the attorney briefly in 2016 for PAR Funding, stated he talked twice with John Pauciulo and recommended PAR not deal with Mr. Vagnozzi at that time. Mr. Sasso testified he had his office through the library staff do some due diligence work on his client PAR Funding and found some criminal activity. But when asked, he stated he never told that to John Pauciulo.

The Fox Rothschild law firm took over the representation of PAR Funding and represented PAR Funding through the 2020 time period. At no time did Fox Rothschild reveal the criminal convictions or other problems of PAR Funding, nor did they ever alert anyone to the fact that PAR Funding was stealing substantial funds.

The burden of proof in attorney disciplinary cases, which are quasi criminal in nature, is clear and convincing evidence. This was summarized in the case of Office of Disciplinary Counsel v. DeAngelus 907 A.2d 452, 456 (Pa., 2006).

“Evidence is sufficient to prove unprofessional conduct if a preponderance of the evidence establishes the conduct and the proof of such conduct is clear and satisfactory,” Id 456.

This burden has been longstanding, although recently questioned by the Office of Disciplinary Counsel. The Supreme Court then recently affirmed the clear and convincing standard. This was affirmed very strongly in the case of Office of Disciplinary Counsel v. Anonymous Attorney 331 A.3d 523 (Pa., 2025). The Supreme Court held that attorney disciplinary proceedings are not civil disputes for monetary damages. The Supreme Court noted attorney disciplinary cases are quasi-criminal in nature, Id 534 and 535. The Court noted as follows:

“That ‘evidence is sufficient to prove attorney misconduct if a preponderance of the evidence establishes that conduct and the proof of such conduct is clear and satisfactory’ was the standard

consistently stated in disciplinary cases for over seventy years," Id 535.

The Court noted the burden of proof has never been by preponderance of the evidence. The Court noted the burden of proof is clear and convincing evidence to establish attorney misconduct, Id 539 and 540. The Court also rejected offensive collateral estoppel if underlying misconduct was found in a proceeding when the burden of proof was less than clear and convincing evidence in the aforementioned Office of Disciplinary Counsel v. Anonymous Attorney.

A detailed recitation of the four days of the attorney disciplinary trial held involving Mr. Pauciulo was set forth in the *Proposed Finding of the Facts and Conclusions of the Law* section of this Brief and will not be reiterated in any detail, but will be incorporated by reference.

It must be remembered Mr. Stretton constantly and consistently objected to hearsay and to allegations that have not been proven. The first witness of the Office of Disciplinary Counsel was their expert witness, Richard Booth. One of the key problems with Mr. Booth's testimony is that he testified based on allegations and not facts. Mr. Booth was being paid a substantial amount of money in the range of plus \$30,000.00 to write his report and testify, (8/20 N.T. 90 and 91). He agreed that most of the documents the Office of Disciplinary Counsel

gave him were allegations, not judicial findings, (8/20 N.T. 92 and 93). Professor Booth agreed that he was primarily a professor, though he had practiced in New York with a big law firm for six years when he first started, (8/20 N.T. 94). He had to admit that he himself had never prepared a registration statement or a PPM, (8/20 N.T. 95). Professor Booth appeared to testify that Mr. Vagnozzi was acting as an agent for PAR when, in fact, that was not the case, and there was no evidence presented to support that conclusion, (8/20 N.T. 95, 96 and 97).

Mr. Booth had to agree that he never checked into what happened and based it on an assumption, (8/20 N.T. 97). In further questioning of the expert, Mr. Booth agreed that he had not looked at any of the purchaser's questionnaires in these private placement funds except one, (8/20 N.T. 105, 106 and 107).

The expert then agreed that there are a lot of gray areas in these unsettled issues in the securities law at issue, (8/20 N.T. 113). When he was questioned about the concept of multi-touch, he finally had to agree that that was an argument, but he thought it was a steep climb, (8/20 N.T. 117). The expert had to agree that when PAR Funding refused to make any further payments, that Mr. Pauciulo had given three options to Mr. Vagnozzi and the investors. One, was suing PAR. The second was involuntary bankruptcy. The third was renegotiate the note,

which Mr. Vagnozzi agreed to do, (8/20 N.T. 124, 125, 126, and 127). Professor Booth had to agree that neglect is not enough for a violation of the Regulation D rules, (8/20 N.T. 138).

Nowhere in the disciplinary record did the expert reference or Disciplinary Counsel present evidence that the investments failed due to criminal behavior by PAR officers who took millions and millions of dollars depleting the funds resulting in the default.

A review of the pertinent law is briefly necessary. Under Section 5 of the Securities Act of 1933 (the "Securities Act"), securities being sold by an issuer must either be registered with the SEC through the public offering process (which is complex) or sold under an exemption from registration. Section 4 of the Securities Act lists about seven exemptions from the registration requirement. For the purposes of this proceeding, the exemption at issue is set forth in Section 4(2) of the Act which exempts "transactions by an issuer **not** involving public offering."

The question of what constitutes a "public offering" or, conversely, what constitutes a non-public offering was litigated many times over the years with the SEC offering some guidance from time-to-time. In an effort to further clarify what securities offerings would qualify as **not** involving any public offering, the SEC issued a set of regulations which provide a

"safe harbor" for the issuer: Regulation D. Put simply, if the issuer complied with Regulation D, the securities would qualify under the "non-public" offering exemption in Section 4(2).

Regulation D has two aspects which are central to the claims asserted in this proceeding: (1) sales may not be made through "General Solicitation" and (2) in any offerings, sales may not be made to more than 35 persons who are not "Accredited Investors". The term General Solicitation is defined in Regulation D and, basically, covers any means of advertising available to the public. Sales, however, made to someone with whom the issuer had a **pre-existing, substantive relationship**, are not considered to arise from general solicitation and advertising.

To meet the requirements of a pre-existing, substantive relationship under Regulation D, particularly for Rule 506(b) offerings, the relationship must be established before the offering begins and not solely for the purpose of the offering. A "substantive" relationship means the issuer or their representative has gathered and evaluated enough information to assess the investor's financial circumstances and sophistication, enabling them to understand the investment's risks. The quality of the relationship and the evaluation of the investor's financial situation, experience, and the risk understanding are key.

Establishing such a relationship involves leveraging existing networks, collecting detailed financial and experience information from potential investors, actively assessing their sophistication, documenting the process, and engaging in interactions beyond just discussing the offering.

As noted from the testimony of Dean Vagnozzi, he, with the advice of John Pauciulo, had been issuing offerings under Regulation D beginning in 2004 or 2005 in several of his commercial real estate projects. These investments were successful and done long before Dean Vagnozzi began investing with PAR in 2017 to 2020.

There was no evidence John Pauciulo conspired with Dean Vagnozzi or anyone else to violate securities law or to defraud investors. Mr. Pauciulo had a legal theory he developed in good faith, which he referred to as the multi-touch approach. One may or may not agree with Mr. Pauciulo's theory, but it was done in good faith and not done with any intent to deceive.

The two investors who lost money that were presented both had to agree that John Pauciulo was not their attorney. Mr. Beebe testified that he was aware that John Pauciulo only represented Dean Vagnozzi, (8/20 N.T. 205). He agreed that he had never spoke to John Pauciulo and only saw him on a video, (8/20 N.T. 247, 248, and 249). Mr. Beebe agreed that he did not call anyone else or seek any other legal advice, (8/20 N.T.

251). Mr. Beebe agreed that he never had any direct discussion with John Pauciulo about the pros and cons of the investment, (8/20 N.T. 256).

The next investor witness, Joseph Greenberg, testified that he consulted with a lawyer who was also his tennis partner, (8/20 N.T. 288). That person told him that it would be too much money to file a lawsuit, (8/20 N.T. 289). Mr. Greenberg testified that he understood that Dean Vagnozzi's attorney was John Pauciulo, (8/20 N.T. 292). Mr. Greenberg said he did not regard Mr. Pauciulo as his lawyer, (8/20 N.T. 292 and 293).

During the hearing, on August 21st, 2025, the defense presented Dean Vagnozzi, David Laigaie, Esquire, and John Pauciulo. Dean Vagnozzi's testimony is summarized in the *Proposed Findings of Facts and Conclusions of the Law* section, but the key parts were that John Pauciulo had no relationship, never represented, did not know, and was not involved with PAR Funding in any way, shape, or form, and only represented Dean Vagnozzi. This testimony undercut the suggestions in the Petition for Discipline that Mr. Pauciulo was involved with PAR Funding. David Laigaie, a partner with Mr. Pauciulo, testified as to the meetings with the SEC in New York investigation and the innovative ideas of John Pauciulo. He confirmed they were not rejected by the SEC, but the SEC said, unfortunately, Dean Vagnozzi did not follow the advice of John Pauciulo. John

Pauciulo, then, testified as to his involvement and his understanding of the SEC laws and his attempts to provide good advice to Dean Vagnozzi when he made these investments and when to register and when not to and what to do. Unfortunately, Dean Vagnozzi did not always follow his suggestions.

What is interesting is there was no evidence presented by the Office of Disciplinary Council as to what PAR Funding did, the misconduct of PAR Funding, or what PAR Funding's lawyers did to prevent PAR's misconduct. There was no evidence presented by the Office of Disciplinary Council that there was any collusion between John Pauciulo and PAR Funding. In fact, the testimony of Mr. Pauciulo is he did not even know the people there and was given incorrect names.

John Pauciulo, in the Respondent's emails, was pretty clear in his efforts involving due diligence of PAR. But he was not given all the proper names of PAR officers and was told to stop his due diligence by Dean Vagnozzi. That was his understanding. Mr. Sasso, when John Pauciulo talked to him, did some background checking, but never told John Pauciulo of the convictions of some of the leaders of PAR Funding during the pertinent time periods.

The Office of Disciplinary Counsel referenced the SEC findings in New York, but John Pauciulo was not found to have done any violations by the New York SEC. Only Dean Vagnozzi was

found to violate, and he paid a fine. As to the Florida SEC investigations, there was no finding of misconduct by John Pauciulo, since there was a no-admission of misconduct agreement. Mr. Pauciulo was placed under suspension by agreement for five years with the SEC and paid a \$125,000.00 fine. But there was no admission or anything to show that John Pauciulo did anything wrong. John Pauciulo testified in some detail as to his interpretation of securities law. He was a securities lawyer and had served with the SEC when he first started to practice law.

The last hearing was a combination of the merits and nature of discipline. November 17th, 2025 involved a presentation by Mr. Pauciulo of a number of excellent character witnesses. The Office of Disciplinary Council presented one witness William Sasso, who confirmed calling and speaking with John Pauciulo, who advised PAR Funding not to deal with Dean Vagnozzi. Mr. Sasso did confirm that he did some background and found some of the criminal aspects of some of the PAR Funding people, but he never told John Pauciulo.

"Q. My only question to you is after you discovered the questionable background of some of the PAR people, did you call Mr. Pauciulo and alert him to what you found?

A. I did not," see 11/17 N.T. 170.

The testimony of all of the character witnesses and the Respondent's fact witnesses who were involved and had the knowledge is incorporated by reference from the detailed summary in the *Proposed Findings of Fact and Conclusions of Law* section of this Brief.

Certainly, the Office of Disciplinary Council cannot use the New York SEC findings to prove misconduct since there was no admission of liability or finding of liability against John Pauciulo. Further, the burden of proof would be different than the clear and convincing evidence standard as required to prove attorney disciplinary cases. There would be no offensive collateral estoppel as noted in the decision of Office of Disciplinary Council v. Anonymous Attorney 331 A.3d 523 (Pa. 2025).

So, what does the Office of Disciplinary Council have? They had a number of recordings of John Pauciulo. Several of them were when Mr. Pauciulo was trying to help Dean Vagnozzi salvage what was left after PAR defaulted when he discussed options on video with Dean Vagnozzi for the investors to consider. But he did not represent these investors and they all had the right to have other counsel. In fact, the advice he provided was probably the best advice available, i.e., try to work something out. That might have worked if the SEC in Florida had not shut things down in July of 2020.

There was a Texas investigation, but John Pauciulo was not part of that and Dean Vagnozzi hired Texas attorneys. There was also a New Jersey investigation. There was no finding of violations against Mr. Pauciulo in either.

What really happened here is twofold. Mr. Pauciulo had done a good job advising Dean Vagnozzi over the years. Originally, the advice was for selling life insurance policies and real estate and things of that nature. With PAR Funding, John Pauciulo was using some creative approaches with the Regulation D and securities law and he provided Mr. Vagnozzi with correct legal advice. Unfortunately, Mr. Vagnozzi did not follow the legal advice, resulting in some of the investments not being eligible for non-registration under Regulation D. That was the finding in the New York SEC investigation with no finding against Mr. Pauciulo.

It appears that the investments by Dean Vagnozzi with PAR Funding went well. The problem was not the legal advice, but the problem was that PAR Funding, at some point, began to act in a criminal nature, and substantial funds were converted by the principals of PAR for their own benefit. Many of the PAR people have been convicted and are beginning to serve jail sentences as a result of their misconduct.

That is not the fault of John Pauciulo. There is no evidence that John Pauciulo had any connection to PAR Funding.

There is no evidence that he benefited from PAR Funding. There is no evidence that he received any gratuities or gifts from PAR Funding. There is no evidence he invested in PAR Funding or any evidence he invested with Dean Vagnozzi.

John Pauciulo's only monies, as he testified, was what he billed on a yearly basis of Dean Vagnozzi. Those bills ranged between \$80,000.00 or \$90,000.00 a year to maybe \$120,000 a year. But it was all for valid work and these fees were paid to Mr. Pauciulo's law firm.

There was no hard evidence presented by the Office of Disciplinary Counsel of any misconduct by John Pauciulo. There was certainly no evidence that John Pauciulo knew in 2016 about the criminal background of some of the PAR Funding people. Only in 2018 was he told. In fact, he did not even know all of the names, because they were not given to him correctly when he met with them. Mr. Pauciulo also was told by Dean Vagnozzi to not spend as much money and stop the due diligence.

After the first two days of hearings, it became clear that the Office of Disciplinary Counsel failed to prove by clear and convincing evidence that the Respondent had not participated in any fraud or had not acted with reckless disregard to truth or violated the Rules of Professional Conduct.

Having not been able to prove that, the Office of Disciplinary Counsel then attempted to reframe this disciplinary

proceeding as a surrogate securities fraud prosecution. That, of course, is improper, and they failed miserably in doing so.

As the Hearing Committee emphasized throughout the four days of hearing, this case turns on what the Respondent actually knew at the time. The Office of Disciplinary Counsel wants the case to turn on what the later investigation revealed, and what regulators concluded years later. The Office of Disciplinary Counsel believes the Respondent should have discovered with unlimited diligence all the supposed misconduct. That is not a standard of what one should have done. It is what one knew and did.

Disciplinary cases, as noted above, are quasi-criminal in nature. These are important proceedings, and there is a high burden of proof of clear and convincing evidence, which has been defined in disciplinary cases as clear, direct, weighty, and convincing to enable a fact finder to come to a clear conviction without hesitancy of the truth or the precise facts.

In this case, it is clear that John Pauciulo acted appropriately and properly. He was a good securities lawyer and a creative one, but he always acted within the principles of the law and he did not lie or cheat.

As the expert, Mr. Booth, recognized, violating the charged Rules of Professional Conduct requires actual knowledge or reckless disregard. Negligence is not evidence or even imperfect

lawyering. Violations demand a showing that the lawyer consciously disregarded known and substantial risks of misconduct. That is set forth in many cases, including the case of Office of Disciplinary Counsel v. Kiesewetter 889 A.2d 4753 (Pa., 2005). There is no evidence or finding Mr. Pauciulo knew or consciously disregarded the risk.

In the entire hearing, the Chair of the Disciplinary panel noted that the issue was knowledge, not reasonable care. He noted the case is not about what the Respondent could have done. He noted negligence or hindsight does not satisfy the Office of Disciplinary Counsel's burden. These comments were made during the second day of the four-day trial. There was no evidence that John Pauciulo knew of any misconduct. The evidence is that he was a good lawyer who tried his best to help his client. When everything went bad, he still tried to help in any event, even though he was not even paid for that period.

In reviewing the Office of Disciplinary Counsel's case, there are several failures that should be looked at. First, the Office of Disciplinary Counsel failed to identify any false statement made by the Respondent. Second, since the Office of Disciplinary Counsel is alleging fraud, they must show a false statement of material fact. Throughout the entire case, the Office of Disciplinary Counsel never identified a single statement made by John Pauciulo that was false when made. The

Office of Disciplinary Counsel tried to rely on the legal complexities of securities, descriptions of disclosure obligations, statements involving compliance with Regulation D, and the Respondent's identification of his role as legal counsel. The evidence by the Office of Disciplinary Counsel did not show John Pauciulo made or knew of any fraudulent statements. There was nothing in the evidence presented that John Pauciulo made a statement knowing it was false. In fact, the contrary was shown. Through the Office of Disciplinary Counsel's Brief, they emphasize schemes, webs, central roles, but no proof was ever presented.

The Office of Disciplinary Counsel has alleged fraud in marketing the investments. The Office of Disciplinary Counsel, in the Petition for Discipline and at trial, alleged that the Respondent, John Pauciulo, fraudulently marketed securities. But the evidence shows to the contrary. Number one, the Respondent John Pauciulo did not sell securities. Number two, he did not solicit investments. Number three, he did not receive investors' funds or commissions. Number four, he identified himself throughout the entire proceeding as counsel, not as a promoter. Number five, he gave the correct advice to his client, Dean Vagnozzi, on unregistered securities.

The Hearing Committee, particularly on day two, repeatedly cautioned that context matters and that appearances on videos

and events must be evaluated in light of Respondent's role as a counsel explaining legal structures, not promoting returns.

There was no fraud whatsoever. Apparently, the Office of Disciplinary Counsel's theory is that since John Pauciulo was visible, that equates with fraud, but that is not supported by any concept whatsoever. There was no fraud by Mr. Pauciulo proven by clear and convincing evidence at any time during the hearing.

Third, there were allegations of fraud and recklessness and fraud and lack of due diligence. In reality, no evidence showed Mr. Pauciulo committed fraud. Disciplinary Counsel tried to repackage fraud as negligence, but no scienter was ever shown. That does not equate to fraud. The evidence showed, through testimony presented, that the Respondent requested extensive diligence materials. Despite what the Office of Disciplinary Counsel said, he went over, talked to PAR people, and requested information. The Respondent also sought financial and operational information from PAR. He talked to William Sasso, who then was the counsel for PAR. Mr. Sasso only told him that PAR would not do business with Mr. Vagnozzi. Mr. Sasso did discover some questions about the PAR people, but he never told the Respondent about that. Mr. Pauciulo testified that Dean Vagnozzi told him that he did not want to pay any more money, and that was understood by Mr. Pauciulo to mean on the issue of

diligence. There was an email to that effect. Mr. Pauciulo advised Mr. Vagnozzi based on the information he had.

The Office of Disciplinary Counsel's theory, as set forth in the Brief, is essentially, the Respondent should have uncovered the criminal histories, and litigation for misconduct. That allegation is insufficient to prove fraud or misconduct. Mr. Pauciulo acted on what he knew and the information he had at the time.

The third allegation of fraud under the Office of Disciplinary Counsel's theory is the "finder theory". The Office of Disciplinary Counsel asserts that the Respondent facilitated an unlawful finder scheme. But a review of the evidence and facts shows that this falls both on the facts and on the law. First, the Respondent was not a paid finder. He was the attorney. He was not promoting. The Respondent did not introduce investors. That was what Mr. Vagnozzi did. The Respondent was Mr. Vagnozzi's lawyer. Third, the Respondent did not negotiate its investments. That was Mr. Vagnozzi who did that. The Respondent did not control or handle investors' funds. The Respondent had no involvement with that. That testimony is very clear from the time at trial. The Office of Disciplinary Counsel presented no evidence to the contrary. The Office of Disciplinary Counsel tries to rely on later regulatory findings by the SEC in New York and the SEC in Florida and then

retroactively assign culpability to the Respondent. But there was no evidence that Respondent did those acts or was involved in any misconduct. There was no evidence that the Respondent knew or believed that his conduct was unlawful at the time. He was giving good and innovative advice to his client. The problem was the client did not always follow his advice and the PAR people turned to criminal conduct to enrich themselves.

The Office of Disciplinary Counsel wants the Respondent disciplined by retroactive regulatory findings. It does not work that way. There is no offensive collateral estoppel here. Further, those findings were often in hearings where the burden of proof was much less, i.e., preponderance of the evidence.

The fourth alleged finding of fraud involves disclosure failures. It appears from reading the Office of Disciplinary Counsel's Brief, their final fraud theory is predicated on nondisclosure of facts. The Respondent did not know. But if it is fraud by omission, there has to be knowledge of the omitted facts and a duty to disclose it. The Office of Disciplinary Counsel presented not one iota of evidence that Respondent knew during pertinent times of prior regulatory sanctions against PAR, or knew of PAR's alleged conversion until it happened. The Office of Disciplinary Counsel wants later and after discovered facts to provide the evidence to convict the Respondent. The real evidence was the Respondent did not know.

The Brief of the Office of Disciplinary Counsel appears to attribute ethics opinions to the expert, Mr. Booth, but that was disallowed by the Hearing Committee. The expert, Mr. Booth, was only qualified on securities law, not qualified to give opinions on legal ethics. As a result, he would not be qualified to testify about law practice standards and could not establish any recklessness or intent in terms of law practice standards. If one reads the Office of Disciplinary Counsel's Brief, it attempted to define the Respondent's ethical duties and mental state through the testimony of Mr. Booth. Mr. Booth was not in a position to do that, and that was contrary to the rulings of the Hearing Committee in terms of his role as an expert.

Finally, the Office of Disciplinary Counsel appears to rely on improper matters. First, they appear to rely on the SEC language without admissions by Mr. Pauciulo. In other words, they want to use collateral offensive estoppel to say the SEC findings provide the burden of proof against John Pauciulo. The trouble is Mr. Pauciulo, in New York, was not found in violation, only his client was. In Florida, he agreed to a five-year suspension and a fine of \$125,000.00, but it was agreed upon that he made no admission of liability. There can be no collateral estoppel under those circumstances, and the burden of proof would be different. The Office Disciplinary Counsel then references or tried to reference statements by federal judges

when sentencing some of the PAR people. Those statements have no bearing in this case, and no involvement with Mr. Pauciulo. The Office of Disciplinary Counsel attempts to use regulatory actions unknown at the time that occurred later to prove its case. Again, that cannot be used to prove the case. The Office of Disciplinary Counsel emphasizes the criminal conduct of the PAR people, but they were non-clients and not involved with Mr. Pauciulo, and PAR's misconduct does not translate into evidence against Mr. Pauciulo.

The Hearing Committee, during the trial, mentioned repeatedly about not using such matters as proof, yet the Office of Disciplinary Counsel seemed to ignore that admonition.

The Respondent is charged with violating Rule 1.1 involving competence. The record is unrefuted as to his knowledge and skills in the areas of corporate and SEC work. The record showed and testimony of his partner showed that he was innovative in his approach, but ethical. There is no violation of Rule 1.1.

He is charged with violation of Rule 1.3, involving diligence, which states that a lawyer must act with reasonable diligence and promptness. There is no question Mr. Pauciulo worked with reasonable diligence and promptness. Records were prepared for Mr. Vagnozzi. Advice was given. He did due diligence in terms of investigation, but unfortunately most of it was covered up by PAR at the time since he did not have the

names. Instead, Mr. Vagnozzi asked him to stop the diligence work because he did not want any more expenses. Therefore, there is no evidence of violation of Rule 1.3.

Rule 1.7(a) involves conflict of interest. It is cited with Rule violation of 1.7(a)(1) for representation involving a conflict of interest where one client be averse to another or the conflict of interest since the representation by the lawyer might be limited by representation of other clients. But the evidence is clear that the only client Mr. Pauciulo had was Mr. Vagnozzi and Mr. Vagnozzi's business. He never held himself out as an attorney to anyone else. Mr. Vagnozzi always identified him as his attorney. That was done both on videos and tapes. The investors who testified, Mr. Beebe and Mr. Greenberg confirmed that. At no time did he hold himself out to the contrary and he did not represent other clients.

The Respondent is charged with violating Rule 4.3(a), 4.3(b) and 4.3(c) about dealings with unrepresented persons. Mr. Pauciulo never held himself out as a lawyer to any other persons other than Dean Vagnozzi. All of the investors knew Mr. Pauciulo was Mr. Vagnozzi's lawyer. Any advice he gave was on the videos by Mr. Vagnozzi, particularly after PAR Funding defaulted, was when Mr. Pauciulo was trying to help Mr. Vagnozzi find a way to save the investments. The investors were given options and certainly told that they could seek other counsel. One of the

investors testified and said he did talk to other counsel. There is no evidence that Mr. Pauciulo misrepresented or misled any investors he was their lawyer.

Rule 8.4(a) involves a violation of professional conduct for a lawyer to violate the Rules of Professional Conduct. There is no violation here that has been proven by clear and convincing evidence.

Finally, Mr. Pauciulo is charged with violation of Rule 8.4(c), which is professional conduct for a lawyer to engage in dishonesty, fraud, deceit, or misrepresentation. The evidence is clear the Respondent never misled anyone and at all times acted appropriately. He was only Dean Vagnozzi's lawyer. He was paid only by Dean Vagnozzi. His payments were reasonable under the circumstances.

The whole theory of the Office of Disciplinary Council in their original Petition is that Mr. Pauciulo was an agent with PAR and working with PAR and benefiting from PAR, and that theory just was not correct. There was no evidence to support it.

In this case, by clear and convincing evidence, Mr. Pauciulo did a good job representing Mr. Vagnozzi. It was not his fault or Mr. Vagnozzi's fault that PAR Funding turned out to be run by dishonest people who then stole the money, creating the default. But it has nothing to do with what Mr. Pauciulo

knew or found out. He did his very best, and in fact, he went on to try to help Mr. Vagnozzi when everything else was failing.

In conclusion, the Respondent respectfully contends that the Office of Discipline and Counsel has not proven its case by clear and convincing evidence, and this case should be dismissed.

C) Nature of discipline. What is the nature of discipline, if any, is warranted?

The Respondent respectfully contends that no discipline is warranted, since there should be no finding of violation for the reasons discussed in this Brief. But it should be pointed out the Respondent has an excellent reputation. He has been practicing law since 1990. He has worked with very prestigious and excellent firms and headed departments and securities and corporations in those firms. He presented excellent character testimony as to his truthfulness, honesty, and peacefulness in law abidingness and his excellent knowledge in the area of law.

Since these matters, he has started his own firm and is thriving in his own firm, providing corporate and securities advice. There were no new complaints. The Respondent had no prior disciplinary history.

In evaluating discipline, the Respondent's subsequent conduct is an important fact. Here, the evidence is unrefuted that the Respondent began his own law practice and for the last

five years, has done an excellent job. His clients are satisfied as seen from the character testimony. There are no disciplinary complaints. The Respondent recently was recognized as one of the best commercial lawyers in the Philadelphia area.

Although there is no evidence of misconduct, as argued in this Brief, even if there was, the discipline as such should be minor and private. Pennsylvania, unlike many other states, has no per se discipline for certain misconduct. Each case must be individually assessed and discipline in Pennsylvania does not have a punitive purpose, Office of Disciplinary Counsel v. Lucarini 472 A.2d 186, 190, 191 (Pa., 1983). Although in that case, Lucarini was ultimately disbarred for serious misuse of funds, the Court noted as follows for individual approach. The Court considered lesser discipline but did not do so since Lucarini, despite making changes, still continued acts of dishonesty. Mr. Pauciulo's conduct during the last five years has been excellent.

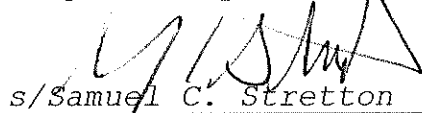
Such is not the case in Mr. Pauciulo's situation. As noted, there was no misconduct. But even if there was, Mr. Pauciulo, unlike Lucarini, has an excellent reputation, no prior disciplinary history, and has shown over the last five years his excellence as a lawyer and his excellence in following all ethical standards. Thus, if there is to be a finding of discipline, the discipline should be private and no suspension.

But this case should be dismissed since there was no proof of clear and convincing evidence of any misconduct.

V. CONCLUSION

The Respondent, John W. Pauciulo, Esquire, by his counsel, Samuel C. Stretton, Esquire, respectfully requests this Honorable Hearing Committee recommend to the Disciplinary Board of the Supreme Court of Pennsylvania and ultimately to the Pennsylvania Supreme Court, that the Office of Disciplinary Counsel has failed in its burden of proof and all charges should be dismissed.

Respectfully submitted,



s/Samuel C. Stretton

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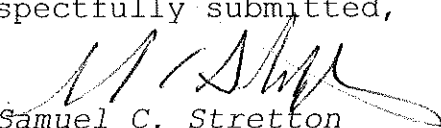
BEFORE THE DISCIPLINARY BOARD OF THE
SUPREME COURT OF PENNSYLVANIA

OFFICE OF DISCIPLINARY COUNSEL, : DISCIPLINARY BOARD DOCKET
PETITIONER : NO. 36 DB 2025
V. :
: ATTORNEY REG. NO. 60474
JOHN W. PAUCIULO, ESQUIRE, : (CHESTER COUNTY)
RESPONDENT :
:

CERTIFICATE OF COMPLIANCE

I, Samuel C. Stretton, Esquire, certify that this filing complies with the provisions of the *Public Access Policy of the Unified Judicial System of Pennsylvania: Case Records of the Appellate and Trial Courts* that require filing confidential information and documents differently than non-confidential information and documents.

Respectfully submitted,


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March 2, 2026

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JOHN W. PAUCIULO, ESQUIRE, : (CHESTER COUNTY)
RESPONDENT :
:

CERTIFICATE OF WORD COUNT

I, Samuel C. Stretton, Esquire, certify that this filing
complies with the word count limitations of the Disciplinary
Board of the Supreme Court since this Brief contains 18,231
words.

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify I am this date serving a copy of the Respondent's Brief to the Hearing Committee in the captioned matter upon the following persons in the manner indicated below.

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