

Time For The SEC And The Justice Department To Review The Par Funding Case

Jul 16, 2026 by [Black Star Editorial](#)

Black Star News Editorial

Can something be red and blue at the same time?

That is the question raised by the case of Philadelphia-based Par Funding—also known as Complete Business Solutions Group—and it is a question that deserves an answer from the Securities and Exchange Commission and, if necessary, the U.S. Department of Justice.

If Par Funding committed serious violations of the law, then those responsible should be held fully accountable. No one should be above the law.

But neither should anyone be denied due process or judged on allegations that later prove unsustainable.

For several weeks, *Black Star News* has been examining the history of the Par Funding case. Rather than simply accept the widely repeated description of the company as a “Ponzi scheme,” we reviewed court filings, financial reports, interviews, and public records. What we found raises troubling questions.

Over the six years that Par Funding has remained in receivership, approximately \$200 million has been returned to investors, even though the company has been prevented from conducting new business. At the same time, a GAAP-compliant forensic accounting report prepared by Berkowitz Pollack and Brandt under the direction of Joel D. Glick, a director at the Miami-based firm concluded that Par Funding was a profitable enterprise, while the competing analysis prepared by Development Specialists Inc. (DSI) has been criticized as relying on non-GAAP methodology. The Glick analysis showed more than \$400 million in top line revenue and that no investor money was used to pay back investors.

If those conclusions are correct, they warrant careful examination. The central issue is simple. Was Par Funding actually a Ponzi scheme?

That label matters.

Since the Bernie Madoff scandal, the term “Ponzi scheme” has become synonymous with one of the worst forms of financial fraud. Once attached to an individual or company, the designation carries enormous legal and public consequences. It shapes media coverage, influences public opinion, and can affect judicial decision-making. *Black Star News*’ reporting has shown that U.S. District Judge Rodolfo A. Ruiz II repeatedly characterized Par Funding as a Ponzi scheme during the receivership proceedings.

Such a characterization made it highly unlikely that the company would ever emerge from receivership as a functioning business. After all, who expects a court to rehabilitate what it believes is a Ponzi scheme? And why would the public accept such a “revived” entity? Yet the SEC itself has now taken a markedly different position.

When *Black Star News* contacted the agency on May 18, 2026 regarding objections raised by former CEO Joseph LaForte and his attorneys to the repeated Ponzi characterization, an SEC spokesperson responded: “...in our complaint we never refer to this case as a Ponzi scheme so we would take issue if you refer to it as such in any context attributed to the SEC.”

That statement was technically accurate. Neither the SEC’s original complaint nor its amended complaint explicitly alleged that Par Funding operated as a Ponzi scheme. Yet the SEC’s April 15, 2022 omnibus motion repeatedly invoked the term, referring to Par Funding as a Ponzi scheme numerous times and comparing it to notorious fraud cases.

If the SEC now distances itself from that characterization, an obvious question follows. Should the entire case be reviewed? Joseph LaForte has now served more than three years of a 15½-year federal prison sentence, and previously 2 1/2 years of house arrest after pleading guilty to racketeering conspiracy, securities fraud, tax offenses, obstruction of justice, perjury, and related crimes.

His attorney, Ian Healy, argues that Par Funding was never a Ponzi scheme but a legitimate merchant cash advance company whose business model was fundamentally misunderstood. Merchant cash advance companies purchase

future receivables from businesses. They are not traditional lenders and historically have not been governed by state usury laws in the same way as conventional loans.

Federal prosecutors strongly disagreed. They argued that investors were deceived, underwriting standards were misrepresented, defaults were concealed, and that the enterprise depended on continual infusions of investor money.

Those competing narratives deserve to be tested against the evidence. The defense has also argued that Par Funding was denied a Wells Notice, depriving the company of an opportunity to respond before the SEC initiated enforcement proceedings. If true, that raises additional due process concerns.

Another significant issue involves sentencing. The Third Circuit's decision in *United States v. Banks* held that federal fraud sentences should be based on actual loss rather than intended loss. If approximately \$200 million has now been repaid to investors, should the loss calculation underlying Mr. LaForte's sentence be revisited?

That question deserves careful legal review. *Black Star News* has also reported on concerns surrounding approximately \$30 million in fees paid during the receivership. Court-appointed receiver Ryan K. Stumphauzer has not responded to multiple requests seeking comment on allegations by Mr. LaForte and former company counsel that those fees were excessive.

Silence does not resolve legitimate questions. Nor should allegations alone determine the answers. None of this means Par Funding committed no wrongdoing.

It does mean that justice requires consistency. If a company was repeatedly portrayed as a Ponzi scheme throughout litigation, but the SEC now says it does not characterize the company that way, the public deserves an explanation.

If a GAAP-compliant accounting analysis reached materially different conclusions from the analysis relied upon during the receivership, that evidence deserves review. If legal developments concerning actual loss could affect sentencing, those developments deserve consideration.

Justice is not served by refusing to revisit a case simply because it is politically or institutionally inconvenient. The integrity of the American justice system depends not only on holding wrongdoers accountable but also on correcting mistakes whenever credible evidence suggests they may have occurred.

That principle protects everyone. The SEC should undertake an independent review of the Par Funding matter. If that review uncovers material errors, the Department of Justice and the federal courts should take whatever corrective action the law permits.

It is due process. And due process is the foundation of justice.