

Receivership Or Ruin? The Case of LaForte's Par Funding And The Receiver's \$30 Million Bill

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Lawyers for [Joseph LaForte](#), founder of Complete Business Solutions Group—better known as Par Funding—say filed court documents undercut the government's central claim that the company was a \$228 million Ponzi scheme.

Mr. LaForte is [serving a 15½-year federal prison sentence](#) after pleading guilty to charges that prosecutors said exposed a sweeping racketeering and securities-fraud conspiracy. Yet his attorneys argue that figures from the court-appointed receivership tell a different story: investors, they say, have been repaid—and the receivership itself has been richly compensated to the tune of almost \$30 million over the past six years.

According to a Jan. 30, 2026, federal court-mandated quarterly report filed by the Receiver in the Southern District of Florida, investors have received a total of \$196 million since July 2020, when the company was placed into receivership. Mr. LaForte's lawyers contend that such recoveries are inconsistent with the government's portrayal of Par Funding as a business that survived by cycling new investor money to pay old investors.

The first distribution—approximately \$110 million—was made to roughly 1,563 investors in early 2025, according to the Receiver's filing. A second payment, totaling \$96 million, followed in January 2026.

At the same time, the receivership has collected \$29.6 million in fees and professional services since 2020—roughly 15% of the total funds disbursed to investors.

Defense attorneys argue that this figure underscores both the robust scale of the enterprise and the financial incentives embedded in the prolonged administration of the estate.

Even more striking, defense lawyers note, is that Par Funding has not issued new merchant cash advances since entering receivership in July 2020. Yet collections on its existing portfolio have continued.

“It is my recommendation that the Receivership continues,” Yale Scott Bogen, senior managing director at Development Specialists, Inc. (DSI), wrote to Receiver Ryan K. Stumphauzer in a Jan. 30 letter accompanying the quarterly report. “The Receivership is benefited by continuing to collect outstanding merchant and loan balances and, as appropriate, pursuing various claims.”

DSI serves as the accounting and consulting firm to the receivership. “While the remaining balances to be recovered have been reduced, ongoing efforts are expected to continue, to result in additional collections beyond the cost of operating the receivership,” Mr. Bogen added.

For Mr. LaForte’s legal team, such language bolsters their long-held position: Par Funding, they argue, was a profitable and viable merchant cash advance business that never should have faced an SEC enforcement action, let alone criminal prosecution. Merchant cash advances provide upfront capital to small businesses in exchange for a share of future receivables.

Neither Mr. Stumphauzer, the Receiver, nor Mr. Bogen, the DSI senior managing director, responded to detailed questions submitted by *Black Star News* via e-mail message before editorial deadline.

Prosecutors painted a starkly different picture of Par Funding. At sentencing, U.S. Attorney David Metcalf described Mr. LaForte as “a career grifter,” accusing him of orchestrating racketeering conspiracy, securities fraud, tax crimes, perjury and obstruction of justice. Federal authorities alleged that Par Funding misrepresented its underwriting practices, concealed default rates and relied on new investor funds to sustain earlier payouts.

Mr. LaForte has said he pleaded guilty under pressure, asserting that prosecutors threatened to bring tax charges against his wife if he went to trial. The U.S. Attorney’s Office declined to comment for a previous article.

Defense lawyers insist Par Funding's downturn began only after the receiver was appointed. In a July 31, 2021, court filing seeking the receiver's removal, counsel wrote: "The receivership was granted with promises of no liquidation and over the defendant's warnings that CBSG's business would suffer—and so would the noteholders."

That filing cited internal figures showing that CBSG took in \$393 million in merchant payments in 2019 and reported income of \$179 million on its CPA-prepared 2019 tax returns. In the first six months of 2020 alone, the company took in \$209 million, according to the filing.

Between July 2020—when the receiver assumed control—and July 2021, profits were turned into a loss of \$187 million, the filing stated.

"These initial losses were not surprising," said Ian Healy, one of Par Funding's lawyers, arguing that the receiver had never operated a merchant cash advance business. One of the receiver's first actions, Mr. Healy said, was to shut down Par Funding's ACH system for 60 days, preventing merchants from automatically repaying advances and costing the company tens of millions of dollars.

"People were calling and asking how to make their payments," Mr. Healy said. By the time ACH was restored, he added, many clients had migrated to other MCA firms. "Many of them woke up one day and all their debt was gone," he said.

In the July 31, 2021 filing, the company accused the receiver of failing to preserve "a thriving, profitable business that employed over 70 people" and instead destroying it. The memorandum asserted that claims of systematic unprofitability or a Ponzi structure were "demonstrably untrue," citing expert analysis.

The filing further alleged that the receiver "promoted a fully discredited narrative about CBSG's financial condition to negatively influence this court's views," while simultaneously abandoning the MCA business by "not funding a single new MCA deal" and liquidating the merchant portfolio.

Before the SEC action, Par Funding had commissioned a \$200,000 forensic audit from CliftonLarsonAllen LLP. Defense attorneys say the audit was nearly

complete when regulators intervened and that the receiver never sought to finish it.

Instead, they allege, the receiver retained DSI to produce a report that was not compliant with Generally Accepted Accounting Principles (GAAP) and cost an estimated \$500,000.

In April 2021, Berkowitz Pollack Brant issued the so-called “Glick Report,” analyzing 4.2 million transactions and concluding that Par Funding was profitable under GAAP, according to the company’s July 2021 filing. “The Glick Report analyzed the entire CBSG merchant portfolio,” the filing stated, “not the DSI report’s extrapolation from the nonrepresentative subset (the so-called ‘Exceptions Portfolio.’).”

The DSI report, the company said, was not GAAP-compliant.

Mr. Healy also pointed to what he described as coordinated resistance by certain merchants who, he said, owed tens of millions of dollars and aligned themselves with attorney Shane Heskin.

According to Mr. Healy, those merchants were encouraged not to repay Par Funding and later became FBI informants, recording thousands of hours of phone calls. “That’s what really started it,” he said.

Mr. Heskin disputed that characterization. Asked about Mr. Healy’s assertion that merchants he represented learned of Mr. LaForte’s prior conviction and used it as a basis not to repay advances, Mr. Heskin said: “I can’t say that it’s completely accurate. I can say that there was a sentencing hearing and if you look at that you should be able to get what you need from that.”

He added: “I had merchants who were victimized. I represented these merchants in civil court cases. I don’t think it’s accurate to say that my clients were working with the FBI. My clients were victims and had cases in civil court.”

Regarding Mr. Healy’s further assertion that his clients recorded conversations with Par Funding employees—actions that ultimately contributed to Mr. LaForte’s prosecution—Mr. Heskin said: “I can’t confirm or deny what happened with the FBI. The only thing I can comment on is what was publicly disclosed.”

Nearly six years after regulators intervened, Par Funding's case remains a study in sharply competing narratives—and in the economics of enforcement.

Par Funding's lawyers contend that with collections continuing and fees mounting, the receivership dismantled a profitable functioning enterprise.