

Par Funding Case: Alleged “Swamp Math” Helped Build a Federal Prosecution

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By Milton Allimadi

More than \$200 million has now been returned to investors in the collapsed merchant cash advance firm Par Funding—an outcome that is forcing a fundamental question the company’s former CEO and his lawyers want the courts to answer: how could Par have ever been a Ponzi scheme at all?

[The receivership](#) itself under court-appointed Ryan K. Stumphauzer has been paid \$30 million in fees since it took control of the company six years ago, according to the receiver’s own report.

For former CEO Joseph LaForte and his attorneys, the answer is no—the company whose parent name is Complete Business Solutions Group (CBSG)—was never a Ponzi scheme. And they argue that the case against him was built not on financial reality, but on a chain of flawed assumptions, questionable procedures, and deeply contested expert analysis that shaped everything that followed—from a dramatic FBI raid to a 15.5-year prison sentence.

Former Par Funding CEO LaForte

To obtain a Temporary Restraining Order (TRO) and authorize sweeping federal raids, prosecutors must demonstrate an emergency—an imminent threat to investor funds.

On July 28, 2020, that emergency allegedly materialized. Melissa Davis, a CPA serving as an expert aligned with the SEC, told the court that Par Funding had been effectively “cleaned out.” According to her declaration, \$360 million had been diverted to a “mysterious” account in Georgia, leaving

just \$82,319 available for investors. Within hours, the court issued a TRO. The FBI raided Par Funding offices the next day.

But subsequent records tell a sharply different story. Receiver documents later showed that as of July 27, 2020—the day before the raid—Par Funding held approximately \$28.8 million in its bank accounts.

For LaForte’s defense team, the discrepancy is not a minor error. It is the foundation of their claim that the government’s case was built on false premises. “The receiver’s own report proves the lie,” one attorney said. “That misrepresentation triggered the raid.”

Ms. Davis did not respond to questions from Black Star News by publication time, inquiring about her declaration that Par Funding had 82,319.

The “mysterious” Georgia account at the center of the government’s narrative was portrayed in court filings as suspicious, even clandestine.

But according to LaForte’s attorneys, the account was neither hidden nor unusual. It belonged to Priority Processing, Par Funding’s primary ACH payment processor—the operational core of its business. “It was the heart of the business, not a secret vault,” a defense lawyer said.

The use of a Georgia address, they argue, created the impression that funds were being moved out of the court’s jurisdiction when in fact it reflected standard banking practices tied to the processor’s location.

The defense frames this as a stark choice: either the government’s expert knowingly misrepresented the account, or failed to conduct even basic due diligence.

At the center of the dispute is not just what happened thereafter—but how Par Funding’s profitability was calculated. Davis relied on a cash-basis analysis, focusing narrowly on incoming and outgoing cash. Using that method, she concluded that Par Funding was insolvent and dependent on new investor funds to pay existing investors—a classic hallmark of a Ponzi scheme.

But the defense’s expert, forensic accountant Joel D. Glick—retained under a Kovel agreement—reached a dramatically different conclusion using accrual

accounting, the standard required under Generally Accepted Accounting Principles (GAAP).

Under [GAAP](#), companies must account for assets such as receivables—in this case, Par Funding’s merchant cash advance (MCA) portfolio, worth hundreds of millions of dollars.

Glick’s conclusion was blunt: “Ms. Davis’s analysis fails to account for the value of the Merchant Cash Advance portfolio...a fundamental requirement under GAAP.”

In other words, by ignoring receivables, Davis’s model treated a revenue-generating enterprise as if it had no future substantial income.

Davis also did not response to this question which was included in the email message from Black Star News.

The implications were profound.

Glick’s forensic review identified what he described as a critical failure: Davis relied heavily on a software platform known as “MCA Suite” without reconciling its data against the company’s actual books, including QuickBooks and bank records. In doing so, he found, her analysis ignored approximately \$231.8 million in merchant repayments.

“This omission alone renders her insolvency analysis statistically worthless,” Glick wrote.

Even Davis acknowledged under oath that she had not conducted a GAAP-compliant audit of Par Funding’s books. “I haven’t conducted a GAAP audit,” she testified during a 2021 deposition.

Yet her conclusions formed the backbone of the government’s case.



Lisa Davis. Photo: Kapilamukamal.com

The dispute extended to how funds were traced. In prior cases, unrelated to Par Funding's, Davis had used FIFO (First-In, First-Out) accounting—a standard method that tracks how specific funds are used over time. In the Par Funding case, however, she applied a methodology that the defense likens to LIFO (Last-In, First-Out), a choice that made it appear as though only new investor funds were being used.

The result, according to LaForte's attorneys, was a narrative tailored to fit a predetermined conclusion. "Davis knows the proper way to track funds," one lawyer said. "She chose not to use it here."

The TRO and asset freeze had another consequence: Par Funding said it was effectively stripped of the ability to fund its own defense. According to LaForte's attorneys, this meant they could not fully deploy additional expert testimony—particularly Glick's—at critical stages, including the losses hearing that would determine sentencing. Davis's analysis, they argue, went largely unchallenged in court.

As of January 30, 2026, the court-appointed receiver reported that more than \$207.7 million had been distributed to investors, with some recovering 100% of their principal.

That reality now collides with the legal theory that underpinned the prosecution. Under federal sentencing principles, particularly within the Third Circuit, punishment in fraud cases is closely tied to actual loss.

The former Par CEO and his lawyers have asked:

If investors were made whole—or nearly so—what loss justified a 15.5-year sentence which was imposed when LaForte says he was pressured into pleading guilty by being told his wife would also be charged?

The defense is now pushing for renewed judicial review, arguing that the case represents a breakdown in financial analysis, prosecutorial judgment, and procedural fairness.

They contend that an expert's flawed methodology—what they call “swamp math”—became the foundation for a federal prosecution that dismantled a company, cost dozens of employees their jobs, and sent its CEO to prison.

The money, once allegedly siphoned in a Ponzi scheme, has largely been returned.