

# Allegations: SEC And Receiver Buried Accounting And Audit Report That Could Have Cleared Par Funding

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**By Milton Allimadi**

**If the foundations of justice rest on full disclosure and fidelity to truth, what happens when critical evidence is allegedly withheld—when the very institutions tasked with enforcing the law stand accused of obscuring it?**

That question now looms over the federal case against Par Funding and its former CEO, [Joseph LaForte](#), as he and his lawyers maintain that a nearly completed, top-tier forensic audit by one of America's leading accounting firms may have directly contradicted the government's central allegations—yet was never meaningfully presented to the court before irreversible damage was done.

Black Star News over the past several weeks has been reviewing documents that have previously not been mentioned in media coverage.

At the center of this controversy is an explosive June 16, 2021 email from attorney Alan S. Futerfas, representing Lisa McElhone, LaForte's wife. The email—sent to multiple attorneys involved in the case, including counsel for the Securities and Exchange Commission (SEC)—lays out, in stark and methodical terms, what it characterizes as a systemic failure by both the SEC and Ryan K. Stumphauzer, the court-appointed receiver to disclose exculpatory financial evidence.

Futerfas did not respond to an email message seeking comment. The receiver, Stumphauzer, also did not respond to questions sent via email message.

The implications of the allegations, if proven true, are profound: that Joseph LaForte may have pleaded guilty to crimes his company did not commit, under the weight of a narrative built on incomplete—or worse, knowingly contradicted—evidence.

Long before federal agents raided Par Funding in July 2020, its parent company, Complete Business Solutions Group (CBSG), had engaged CliftonLarsonAllen (CLA), one of the top eight accounting firms in the United States, to conduct what insiders describe as a “massive, comprehensive” forensic audit.

The purpose was straightforward: validate the company’s financial health ahead of a potential \$700 million sale to Jefferies and attract institutional investors.

By July 2020, the audit was approximately 90 to 99 percent complete. According to both internal communications and later court filings, CLA had already: Verified CBSG’s financial data and key performance indicators (KPIs); confirmed the company’s profitability; validated tax returns under Generally Accepted Accounting Principles (GAAP); reviewed thousands—if not millions—of individual transactions; and, found no evidence of fraud or material misrepresentation.

“Not only did CLA confirm that CBSG was profitable, CLA confirmed that the company’s accounting system and fraud controls were solid,” Futerfas wrote in the email message. “CLA also verified the monthly Key Performance Indicator reports (“KPI Reports”) that CBSG routinely and monthly provided to its note holders for years. Thus, CLA confirmed CBSG’s profitability and the accuracy of its accounting records. CLA also verified thousands of transactions reflected in CBSG’s ledgers, and decisively ruled out inaccuracies or fraud in CBSG’s financial records.”

In short, the audit appeared poised to deliver precisely the kind of independent validation that regulators and courts typically rely upon in complex financial cases.

But that audit was never completed.

In his June 16, 2021 message, Futerfas framed the issue bluntly: “The new CLA revelations are as disturbing as anything else in this insane case.”

Separately, on July 13, 2021 Joel Hirschhorn, another attorney representing Ms. McElhone filed a motion in the Southern District of Florida to remove the receiver, using the same argument outlined by Futerfas in the email message.

“In effect, the receiver killed the profitable company which was readily capable of paying the note holders,” the motion read, “...falsely told the court that the company was no good; and urged the court to let the receiver take defendants’ personal assets to cover the extraordinary losses the receiver alone caused.”

“CBSG held total assets of nearly \$600 million, of which \$420 million were accounts receivable—more than enough to repay its note holders in July 2020,” the motion continued. “The receiver took a great company, misled this court and the public about its financial condition, and drove it into the ground, while charging millions in fees.”

“The receiver should be discharged immediately,” the motion added.

The court denied that motion.

Futerfas, in the June 16, 2021 email message, outlined a series of assertions—thirteen in total—each building toward a central allegation: that both the SEC and the receiver knew, or should have known, that the CLA audit fundamentally undermined their claims, yet failed to disclose or act upon that knowledge.

Among the most consequential points Futerfas claimed in the email message: The SEC filed its case despite access to information—from both CBSG and CLA—that allegedly contradicted its financial allegations.

The SEC and the receiver had access to James Klenk, an accountant deeply involved in the CLA audit, who would have been aware of its findings.

By late 2020, both parties knew the audit was nearly complete and what its conclusions were likely to be, the Futerfas email message alleged.

Despite this, neither disclosed the audit’s findings to the court during critical proceedings, including the preliminary injunction hearing.

Instead, the receiver hired a different firm—Development Specialists, Inc. (DSI)—to produce a separate financial analysis that would become central to the government’s case.

Futerfas’ conclusion was unambiguous: “Both the Receiver and the SEC violated their ethical duties to provide accurate information to the Court and correct misinformation previously provided,” he alleged.



*Receiver Ryan K. Stumphauzer. Photo: [sknlaw.com](http://sknlaw.com)*

The SEC didn't respond to an email message from Black Star News seeking comment.

The contrast between the two accounting analyses could not be more stark.

On one side was CLA—a nationally recognized CPA firm conducting a GAAP-compliant forensic audit over many months, at a cost of roughly \$200,000, nearly completed and fully paid.

On the other was DSI, a restructuring firm whose principal, Bradley Sharp, is not a Certified Public Accountant. The DSI report, critics say, was not conducted under GAAP standards and cost the estate up to \$500,000, according to Futerfas.

Yet it was the DSI report—not the CLA audit—that shaped the court's understanding of Par Funding's financial condition.

That report concluded the company operated as a Ponzi scheme. The consequences were immediate and devastating.

Scott Yale Bogen, senior managing director at DSI didn't respond to an email message seeking comment.

Once the Ponzi-scheme label entered the case, it fundamentally altered its trajectory.

The SEC, led in part by senior trial counsel Amie Riggle Berlin, argued that Par Funding used new investor money to pay earlier investors—a classic hallmark of fraud. The court accepted this characterization, enabling sweeping actions:

Expansion of the receivership into personal assets; liquidation of properties, including homes, vehicles, and business holdings; and criminal indictments and eventual convictions.

But critics argue that the foundation of that narrative—the DSI analysis—was deeply flawed. In April 2021, forensic accountant Joel D. Glick of Berkowitz Pollack Brant issued a detailed report based on 4.2 million transactions. His conclusion directly contradicted DSI: "DSI erroneously alleged CBSG was a Ponzi Scheme."

The Glick Report found that merchant repayments—the core revenue stream of Par Funding’s business—were sufficient to sustain operations and investor payments.

“The Glick Report, an unquestionably expert analysis undertaken by top experts in the field, concluded that CBSG was thriving and profitable,” Futerfas wrote in the email message.

The CLA audit materials, later produced in June 2021 after months of alleged delay, reportedly corroborated these findings. If the CLA audit had been completed and presented in real time, the defense argues, the outcome of the case could have been radically different.

Instead, the audit materials were not produced to the defense until approximately June 17, 2021—nearly a year after the receivership began and months after critical rulings had already been made. By then, the damage was done according to the Futerfas email. The fallout has been staggering:

Nearly \$600 million in assets destroyed; tens of millions of dollars in receiver fees –\$30 million according to the receiver’s own quarterly reports—billed to the estate; over \$187 million in losses; homes seized, businesses dismantled, and livelihoods erased.

LaForte himself ultimately accepted a guilty plea and received a sentence of more than 15 years in prison. His legal team now argues that decision was made under extreme pressure, in a case built on incomplete and misleading financial evidence.

The Futerfas email does more than recount alleged missteps—it raises fundamental questions about accountability in federal enforcement actions.

Several critical questions remain unresolved:

If the SEC and the receiver possessed evidence that contradicted their claims, were they obligated to disclose it? If they failed to do so, what remedies exist?

Why was the CLA audit never completed, despite being nearly finished and fully funded? When exactly did the SEC and the receiver become aware of its findings?

Why was the audit not disclosed during key hearings? Why was a non-GAAP analysis favored over a nearly completed GAAP-compliant audit?

And perhaps most importantly: would Joseph LaForte have pleaded guilty if the CLA findings had been fully presented?

The receiver has not responded to multiple inquiries seeking clarification, including whether he still believes Par Funding was a Ponzi scheme.

At its core, this is not merely a dispute over accounting methodologies. It is a test of whether the justice system can correct itself when confronted with credible allegations of error—or worse.