

# Silenced Before The Jury: Former Par Funding CEO Joseph LaForte Says He Was Denied The Right To Defend Himself

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**By Milton Allimadi**

**Former Par Funding chief executive Joseph LaForte, now serving a 15½-year federal prison sentence, says the most devastating part of his prosecution was not merely the punishment itself, but what he describes as being denied the opportunity to speak in his own defense before a jury.**

LaForte and his attorneys argue that the government's case against him collapsed into a contradiction: prosecutors branded Par Funding a Ponzi scheme that supposedly defrauded investors of hundreds of millions of dollars, yet nearly \$200 million has since been repaid to investors during the six years the company has been under [court-appointed receivership](#).

“How can this be called a Ponzi scheme,” LaForte’s legal team asks, “when investors continued to be repaid long after the business itself was shut down?”

The case against Par Funding — formally known as Complete Business Solutions Group — has increasingly become a battle over competing narratives: whether the company was a predatory fraud operation built on deception, as federal prosecutors alleged, or a profitable merchant cash advance business dismantled prematurely by regulators and prosecutors before it could continue repaying investors.

But for LaForte, the central grievance remains intensely personal. He insists he was denied the most basic right afforded to a defendant in America’s justice system: the right to testify at his own trial. According to LaForte and his

lawyers, federal authorities initially expected — and even hoped — that he would invoke the Fifth Amendment if called to the stand.

“In the lead-up to trial, [the SEC](#) put Joseph LaForte on its own witness list and even served him a subpoena,” his attorneys said in public statements reviewed by *Black Star News*. “The expectation was obvious: they wanted the jury to see him refuse to answer questions and infer guilt from his silence.”

At the time, LaForte faced not only civil enforcement proceedings brought by the Securities and Exchange Commission in 2020, but also, later, an overlapping active criminal investigation. His attorneys say remaining silent during that period was standard legal advice under such circumstances. “There was a criminal investigation ongoing,” the defense argued. “Any competent lawyer would advise a client not to testify while the possibility of criminal prosecution remained unresolved.”

Then, according to LaForte’s account, the strategy changed. Rather than remain silent, he informed the court he was prepared to waive his Fifth Amendment protection and testify. His attorneys even offered to make him immediately available for deposition before trial. LaForte and his wife, Lisa McElhone, purchased round-trip airline tickets from Philadelphia to Florida in anticipation of the proceedings.

What happened next, his lawyers say, revealed the government’s true objective. “The moment the government realized LaForte intended to testify — that he was going to explain the business and defend himself — they moved to shut him down,” the defense said. Federal prosecutors filed an expedited motion seeking to preclude LaForte from testifying, arguing that allowing him to do so at that stage would unfairly prejudice the government because its trial strategy had been built around his earlier decision not to testify.

“The SEC has built its entire trial strategy around his prior refusal to testify,” prosecutors argued in court filings. The government maintained that allowing testimony so close to trial would amount to “trial by ambush.”

LaForte’s lawyers countered that argument. “In America, we do not silence people for tactical advantage,” the defense said. “The government was not seeking truth. It was seeking to preserve a litigation strategy.”

Ultimately, U.S. District Judge Rodolfo Ruiz sided with prosecutors, invoking what is commonly known as the “sword and shield” doctrine — the legal principle that a defendant cannot invoke the Fifth Amendment during discovery and later selectively testify at trial. But LaForte’s attorneys insist the doctrine was misapplied. “This was not a litigation game,” they argue. “There was an ongoing SEC enforcement action and a parallel criminal investigation. Once LaForte agreed to waive the Fifth Amendment and sit for a deposition, any claim of prejudice disappeared.”

His lawyers contend the ruling effectively deprived him of a fair opportunity to explain Par Funding’s business model to jurors.

“If the federal government can decide that a man does not have the right to be a witness at his own trial,” the defense said, “then nobody is safe.”

The SEC once again did not respond to an e-mail message from Black Star News today, seeking comment. A spokesperson for the U.S. Attorney for the Eastern District of Pennsylvania declined to comment in a brief email message.

The SEC action began in July 2020. One month later, LaForte was arrested on firearms-related charges, followed in May 2023 by securities fraud charges. His legal team says those overlapping investigations made earlier silence legally necessary, not strategically manipulative.

The broader dispute surrounding Par Funding centers on whether the company truly operated as a Ponzi scheme.

Federal prosecutors alleged that Par Funding misrepresented underwriting practices, concealed default rates and used new investor money to repay earlier investors. Prosecutors described LaForte as a “career grifter” who led a sweeping fraud conspiracy.

Yet six years after the receiver took control of the company and halted new merchant cash advances, investors have recovered nearly \$200 million through continuing collections on Par Funding’s existing portfolio. LaForte’s attorneys say that fact alone undermines the government’s narrative. “Generally, a Ponzi scheme collapses because there are no real assets or revenue streams,” one lawyer involved in the case said. “Here, collections continued for years after operations stopped.”



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

The court-appointed receiver, Ryan K. Stumphauzer, has billed approximately \$30 million in fees and professional costs since 2020 while overseeing the estate. *Black Star News* repeatedly asked the receiver through e-mail messages whether he still believes Par Funding was a Ponzi scheme in light of the continued investor repayments and the company's remaining assets. Those inquiries have gone unanswered.

The U.S. Attorney's Office for the Eastern District of Pennsylvania has previously declined comment. LaForte's legal team also disputes the financial analysis used to characterize Par Funding as fraudulent. They argue that the receiver relied heavily on reports prepared by Development Specialists, Inc. (DSI), which they say were not compliant with Generally Accepted Accounting Principles, or GAAP.

By contrast, the defense points to the so-called "Glick Report," prepared by Berkowitz Pollack Brant, which analyzed millions of Par Funding transactions and concluded the company was profitable under [GAAP accounting](#) standards. Defense lawyers say the Glick analysis reviewed the company's entire merchant portfolio, while the DSI analysis relied on what they describe as a limited and non-representative subset of transactions.

Questions surrounding investor losses have also intensified following disclosures from the receiver's own reports. According to quarterly filings, Par Funding possessed more than \$217 million in cash on the very day LaForte was sentenced in March 2025, along with more than \$253 million in accounts receivable.

LaForte's attorneys argue those figures fundamentally undercut the government's loss calculations, which played a major role in determining his sentence under federal guidelines. They note that more than \$105 million sitting in company accounts was not distributed to investors until months after sentencing. "If those funds had been distributed before sentencing," one attorney said, "the actual-loss calculation would have been dramatically different."

The defense argues that federal sentencing law requires courts to focus on actual losses suffered by victims, not theoretical losses later recovered.

For LaForte and his supporters, the controversy now extends beyond accounting disputes or sentencing formulas.

At its core, they say, the case represents something more troubling: a prosecution determined to secure victory while preventing a defendant from publicly challenging the government's narrative. "They bankrupted the company, seized the assets, and then prevented the owner from explaining himself to a jury," LaForte's lawyers said.

Federal prosecutors have consistently maintained that Par Funding engaged in widespread fraud and deception. They have argued that investor money was obtained through misrepresentations and that the company's operations concealed serious financial weaknesses. The continuing investor recoveries — combined with the unresolved fight over whether LaForte should have been allowed to testify — have given the case an increasingly contested legacy.

“What eats him up the most,” a person close to LaForte's defense said, “is that the jury never heard his voice.”