

Why Was Par Funding Prosecuted? New Questions Emerge Over \$490,000 Payment To Lawyer Linked To Investigation

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By Milton Allimadi

New contradictions continue to emerge in the narrative surrounding the collapse of Par Funding, the Philadelphia-based Merchant Cash Advance company, as *Black Star News* continues its review of court filings tied to the sprawling [SEC enforcement action and criminal prosecution](#) that sent founder Joseph LaForte to prison for 15½ years.

LaForte and his attorneys now say a newly disclosed \$490,000 payment to attorney Shane R. Heskin and his firm further bolsters their longstanding argument that the federal case against Par Funding was driven less by uniquely unlawful conduct and more by narratives aggressively promoted by merchants and lawyers seeking relief from repayment obligations.

According to LaForte's lawyers, the payment raises troubling questions because Heskin represented merchants who challenged Par Funding's business practices years before the SEC intervened and because those same merchants allegedly cooperated with federal investigators.

"This was never about stopping a [Ponzi scheme](#)," LaForte's attorneys say. "It was about destroying a profitable MCA company through false narratives and then rewarding the people who helped trigger the collapse."

LaForte is currently serving a 186-month federal sentence after pleading guilty to racketeering conspiracy, securities fraud, tax crimes, obstruction of justice,

perjury, and related offenses tied to the collapse of Par Funding, formally known as Complete Business Solutions Group (CBSG).

Federal prosecutors alleged that Par Funding operated a fraudulent enterprise that deceived investors and concealed risks while raising money through unregistered securities offerings.

Yet LaForte's attorneys insist the central narratives used to justify the aggressive federal intervention—that Par Funding was both a Ponzi scheme and a criminally usurious lender—collapse under closer examination.

At the center of the dispute is the nature of merchant cash advances, or MCAs, a business model that has operated for years in a regulatory gray area.

Unlike banks or traditional lenders, [MCA companies](#) do not issue loans in exchange for principal and interest repayment. Instead, they purchase a percentage of a business's future receivables in return for an upfront cash advance. The repayment is tied to future revenue performance rather than a fixed interest-bearing loan obligation.

Because of that structure, MCA companies in most states are generally not subject to traditional usury laws that regulate interest rates charged by lenders.

Demand for merchant cash advances exploded after the 2008 financial crisis when conventional lending to small businesses tightened dramatically. Industry estimates place the MCA sector at as much as \$25 billion annually, with some projections suggesting it could reach \$42 billion by 2035.

LaForte's lawyers argue that Par Funding operated within the same framework as roughly 1,500 other MCA companies currently operating in the United States.

"If Par Funding was criminal because of the MCA model itself, then regulators would have to shut down the entire industry," LaForte's attorneys contend.

That issue became especially significant because, although the SEC never charged Par Funding with usury, allegations implying criminal lending

practices nevertheless became part of the public narrative surrounding the company.

The SEC's August 10, 2020 complaint, referring to LaForte and his wife Lisa McElhone, stated that "The McElhone-LaForte duo is in the business of making opportunistic loans—some of which charge 400% interest—to small businesses across America."

LaForte and his attorneys say that language was profoundly misleading because Par Funding was not issuing loans at all. "This was the first thing the judge heard," LaForte's lawyers say. "The only problem with that false narrative is that we are not in the business of making loans. Par Funding is an MCA, and just like other MCAs the company made cash advances."

According to LaForte's defense team, the usury narrative was amplified by merchants represented by attorney Shane Heskin years before the SEC filed its enforcement action.

In a previous interview with *Black Star News*, LaForte attorney Ian Healy said merchants who owed Par Funding tens of millions of dollars stopped repaying advances after learning of LaForte's prior criminal conviction. According to Healy, many of those merchants aligned themselves with Heskin and later became FBI informants.

"The merchants later became FBI informants, recording thousands of hours of phone calls," Healy said. "That's what really started it."

When previously asked by *Black Star News* about those assertions, Heskin said:

"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."

He added: "I can't confirm or deny what happened with the FBI. The only thing I can comment on is what was publicly disclosed."

The significance of Heskin's role has now intensified following a newly examined filing by [court-appointed receiver Ryan K. Stumphauzer](#).

In an April 3, 2026 motion, Stumphauzer asked the court to approve a stipulation reducing the remaining repayment obligations owed by merchants represented by Heskin and other merchant counsel.

The filing revealed that attorneys including Heskin and his firm are slated to receive \$490,000 “on behalf of CBSG” once proceeds from a settlement involving the law firm Eckert Seamans Cherin & Mellott and former partner John W. Pauciulo are distributed. The payment stems from a \$38 million settlement approved by the court in February 2025 resolving malpractice-related claims against Eckert Seamans and Pauciulo, who previously advised Par Funding. The defendants denied wrongdoing.

LaForte and his attorneys say the [\\$490,000 payment](#) to Heskin is particularly striking given their longstanding claim that merchant litigation and cooperation with federal investigators helped trigger the SEC enforcement action in the first place.

“Now Heskin is being rewarded with \$490,000,” LaForte’s lawyers say.

The settlement agreement reviewed by *Black Star News* also shows that merchants represented by Heskin received substantial reductions in amounts they still owed Par Funding. Under the receivership claims process, merchants who filed claims for relief became eligible for a 90% reduction in repayment obligations above the original amount advanced.

For example, if a merchant received a \$100,000 advance and the factoring agreement required repayment of \$140,000, then after repaying the original \$100,000 principal amount, the merchant would receive a 90% reduction on the remaining \$40,000 obligation and repay only \$4,000.

Merchants who did not participate in the claims process remained eligible for a 75% reduction.

LaForte’s attorneys argue the arrangement effectively wiped away legitimate contractual obligations owed to Par Funding while simultaneously rewarding lawyers whose merchant clients allegedly helped build the federal case. They also claim merchants signed “fraudulent declarations” claiming “underwriting was non existent.”

For years, media reports routinely described Par Funding as a Ponzi scheme. A simple Google search still reveals scores of headlines using that characterization.

Yet the SEC has recently backed away from that description.

In response to questions from *Black Star News* for a recent article, an SEC spokesperson stated that the SEC's complaint itself does not refer to Par Funding as a Ponzi scheme. That statement marked a notable shift because SEC filings elsewhere repeatedly used the term. In fact, references to a Ponzi scheme appeared more than 20 times in one SEC motion filed during the litigation.

Stumphauzer has not responded to multiple e-mail messages from *Black Star News* asking whether he still maintains that Par Funding was a Ponzi scheme.

Yet even as the SEC now distances itself from the label, LaForte's attorneys argue the damage caused by the narrative had already been done.

The defense points to the findings of a [GAAP-compliant forensic accounting](#) report prepared by Berkowitz Pollack Brant, commonly referred to as the Glick Report.

According to LaForte's lawyers, the report concluded that Par Funding was highly profitable and did not operate as a Ponzi scheme.

The report analyzed millions of transactions and concluded that repayments from merchants were sufficient to sustain operations and investor returns.

The court, however, rejected the Glick Report and instead accepted findings produced by Development Specialists Inc. (DSI), a consulting firm retained by receiver Stumphauzer. LaForte's lawyers note that DSI's analysis was not GAAP-compliant.

They further point out that over the six years Par Funding has operated under receivership—despite conducting no new business—the estate has repaid roughly \$200 million to investors using repayments from merchants tied to advances issued before the receivership began.

“Ponzi schemes typically require new investor money to repay earlier investors,” LaForte’s attorneys argue. “That did not happen here.”

All of the money used to repay investors came from repayments by merchants on preexisting advances, according to court filings. None of the repayments came from the Eckert Seamans settlement proceeds.

The ongoing receivership has also generated controversy over professional fees.

According to quarterly reports filed with the court, the Par Funding estate has been billed roughly \$30 million in receivership-related expenses.

DSI alone has billed millions of dollars as advisor to the receiver. LaForte and his attorneys have repeatedly argued that the fees are excessive.

Stumphauzer has not responded to numerous e-mail messages from *Black Star News* seeking comment regarding the billings.

The SEC previously declined to comment on the issue.

Yet despite the SEC’s current position that its complaint did not characterize Par Funding as a Ponzi scheme, LaForte and his lawyers argue the company was prosecuted and publicly destroyed under precisely that narrative.

They also maintain that the usury allegations—which the SEC never formally prosecuted as a cause of action—helped create a false public perception that permanently prejudiced the court, investors, and media coverage against the company.

Indeed, an August 11, 2020 declaration filed by attorney Norman Mount Valz stated that courts repeatedly rejected merchant claims alleging Par Funding’s agreements constituted criminally usurious loans. “Federal and state courts have upheld the validity of CBSG’s factoring agreement,” Valz wrote.

Stumphauzer did not respond to an e-mail message seeking comment.

Heskin said in an email message, "You are paid propaganda for an admitted felon who beat an officer of the court in broad daylight. I hope you are proud of yourself."

He did not address the issue of his clients allegedly working with the FBI or the \$490,000 payment.