Has Federal Court Adequately Reviewed Par Funding Receivership's $60.5 Million in Bills?

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By Milton Allimadi

The six-year receivership of Philadelphia-based merchant cash advance company Par Funding is facing a new and increasingly consequential question: How closely are the receivership's fees and expenses actually being reviewed before they are approved by the federal court?

The question is being raised by Par Funding supporters and some former employees who have examined the timing of the receivership's applications for payment and the court orders approving them.

They say their concern is not simply the amount of money being spent. It is whether the process provides sufficient time and scrutiny to determine whether the thousands of individual charges contained in those submissions are reasonable and necessary, they say.

Court filings show several instances in which applications running hundreds of pages were approved within days—or, in one recent case, on the very day they were submitted.

A Securities and Exchange Commission (SEC) spokesperson declined to comment when contacted today. The court-appointed receiver Ryan K. Stumphauzer did not respond to questions sent via e-mail message.

Stumphauzer submitted the receivership's application for professional and legal fees and expenses that was approved on the same day on Feb. 17, 2026. The application and its accompanying exhibits totaled 243 pages and sought $347,356.01 for work performed between Oct. 1 and Dec. 31, 2025. It was approved Feb. 17, 2026 by Judge Rodolfo Ruiz II, who has presided over the SEC case against Complete Business Solutions Group (CBSG), Par Funding's parent company.

The receivership's 23rd application, submitted June 8, 2026, totaled 214 pages and sought $280,241.60. Judge Ruiz II approved it the following day, June 9.

An earlier application, filed Nov. 15, 2021, sought approximately $2 million and was approved two days later, on Nov. 17.

The timing has prompted supporters to ask a basic question: How much time is being devoted to reviewing the underlying billing entries?

"How is it possible to review invoices, including those that include itemized entries amounting to hundreds of pages within the same day?" one Par Funding supporter asked.

The question becomes more striking when the subsequent applications are compared with the first which was submitted Dec. 16, 2020. The receivership's first application for fees and expenses was handled differently.

The document was titled "Report and Recommendation regarding Receiver's First Application for Allowance and Payment of Fees and Expenses." It was reviewed by Magistrate Judge Bruce Reinhart, whose recommendation was not issued until Feb. 5, 2021—approximately seven weeks after the application was submitted, before it was approved.

That appears to have been the only receivership fee application subjected to that type of extended review.

All subsequent applications were handled by Judge Ruiz II.

The second application was filed Feb. 16, 2021. It totaled approximately $2.35 million and, including attachments and exhibits, ran to 668 pages. Judge Ruiz II approved it three days later, on Feb. 19.

"How is it possible for a judge to go through six hundred and sixty-eight pages of itemized bills and approve them in three days?" another Par supporter asked.

Courts necessarily rely on procedures, staff and representations by parties. But when hundreds of pages of billing records are submitted, the speed of approval raises a legitimate question about what level of independent scrutiny is being applied.

That question deserves particular attention because the receivership has now generated tens of millions of dollars in professional and operating expenses.

Par Funding supporters and former CEO Joseph LaForte, who is serving a 15½-year federal sentence after pleading guilty to federal charges arising from Par Funding, have put the total cost of the receivership and associated operations at approximately $60.5 million.

Approximately $30 million of that figure consists primarily of direct professional fees, including compensation to Receiver Stumphauzer, his law firm, co-counsel and Development Specialists Inc. (DSI), the consulting company selected to manage the receivership's operations.

Other expenses include approximately $8.4 million categorized as "Total Business Asset Expenses," covering payroll, benefits and other operating costs.

The overall $60.5 million figure would represent roughly 29 percent of the $209 million reportedly distributed to investors.

One supporter has questioned why the estate incurred more than $8 million in general operating expenses while DSI has separately billed approximately $15 million for managing the receivership's day-to-day operations.

Those questions extend beyond professional fees.

According to the receiver's latest quarterly reporting, Par Funding's real estate generated approximately $57.6 million in sales. Approximately $4.98 million was classified as liquidation expenses, while another $2.7 million was attributed to property expenses.

Supporters have also questioned approximately $6.8 million in outside attorney fees, more than $1 million in IT expenses and approximately $7.8 million in premiums associated with life-settlement policies.

They argue that some reports aggregate substantial expenditures into broad categories, making it difficult for outsiders to determine precisely how individual expenses were incurred.

There is evidence that concerns about receivership spending arose relatively early.

On May 28, 2021, LaForte filed an objection to the receiver's third application for professional fees and expenses. His attorneys argued that the submission included what they described as reimbursements for expenses that were "a blatant waste of receivership estate's assets."

On June 1, Judge Ruiz II approved the receivership's submission, according to the docket.

The docket does not indicate in the material reviewed here that the court issued a detailed response to each of LaForte's objections before approving that application.

A separate issue has also been raised. Judge Ruiz II's signature on numerous orders approving receivership applications appears highly similar across documents raising the question of whether it's an automated signature.

The questions surrounding the receivership come at a particularly significant moment.

The SEC recently told *Black Star News* that it would "take exception" if the publication characterized the agency as having referred to Par Funding as a "Ponzi scheme."

That response is notable because the Ponzi characterization became an important part of the public narrative surrounding Par Funding and the justification advanced for the liquidation of the company's assets.

Then, on Aug. 12, SEC senior trial counsel Brian Lechich filed a notice stating that the agency was voluntarily dismissing its remaining claims against CBSG and related corporate entities while also forgoing disgorgement and civil penalties against those entities. The court entered an order approving the dismissal on Aug. 14.

The SEC originally alleged that Par Funding raised hundreds of millions of dollars through unregistered securities offerings and used investor money to fund merchant cash advances. The agency alleged a fraudulent scheme and sought extensive financial remedies.

LaForte’s supporters dispute important aspects of that account. They point to a forensic accounting analysis by Joel Glick, a forensic accountant and litigation-support professional with Berkowitz Pollack Brant Advisors, which they say concluded that Par Funding was profitable and did not need to be liquidated.

They also point to what they say were approximately $420 million in accounts receivable and $28 million in cash before the receivership, compared with approximately $340 million in investor obligations.

LaForte’s supporters also claim the SEC never intended for the company to be liquidated.

Indeed, the SEC’s July 24, 2020, motion seeking the appointment of a receiver stated, “The receivership will involve determining how to resolve or continue the businesses, locating assets and investor funds, and accounting and asset management, among other tasks…”