Conspiracy from the Inception of This Case: The Billing Doesn't Lie

When the SEC intervenes in a commercial enterprise, its statutory mandate is clear: protect investors, preserve capital, and facilitate fair markets. In the enforcement action against Par Funding, the SEC's actual complaint focused strictly on registration and disclosure rules surrounding merchant cash advances (MCAs)—not a Ponzi scheme. The SEC only claimed Par Funding was a Ponzi scheme after the Appointed Receiver Ryan K. Stumphauzer willed that fiction into existence entirely on his own.

A federal equity receiver has no prosecutorial authority, no criminal jurisdiction, and no mandate to investigate or manufacture new theories of fraud. Their legal role is strictly custodial: act as a neutral arm of the court to preserve existing assets, maintain operations, and protect stakeholder value. Yet, almost immediately upon taking control, the receiver and his hired liquidators at DSI—who are not forensic experts and not even CPAs—abandoned neutrality. They usurped the role of prosecutor, fabricating a Ponzi narrative out of thin air not based on evidence, but designed entirely to enrich themselves and line their own pockets at the direct expense of the estate.

The Day-One Sledgehammer: Willful Destruction of a Going Concern

Imagine stepping in as a court-appointed fiduciary over an enterprise of this magnitude:
-Multiple active business locations, over 100 computer terminals, and a 28,000-square-foot corporate headquarters.
-70 specialized employees actively managing day-to-day operations.
Server racks packed with millions upon millions of records, alongside more than 5 million QuickBooks entries.
-Over 17,000 merchant accounts

A legitimate forensic audit of 5 million financial records and 17,000 accounts take months of meticulous, line-by-line reconciliation. It is physically and mathematically impossible to properly analyze an operation of that scale in 20 days.

Yet the receiver bypassed independent analysis entirely. He stopped the business cold in its tracks, fired all 70 experienced employees who understood how to service the complex portfolio, and discarded the operational infrastructure. Rather than marshaling assets and running the business as a going concern, the receivership executed a premeditated dismantling.

Had the receiver simply monitored the enterprise and allowed the portfolio to perform at its normal pace of $1.6 million per day, he would never have needed to touch the personal property of the defendants or dismantle the more than 33 affiliated companies they owned—enterprises the receiver systematically wiped out.

Instead, his own greed drove him to push a predetermined theory, convincing the court through fake, phony, non-GAAP, and non-accrual financial analyses. He presented this junk science to a gullible judge who knew nothing about finance and had no interest in learning.
Because the receiver was the court's handpicked appointee, whatever he claimed was rubber-stamped as law. Armed with unchecked power, the receiver escalated his campaign to the point of evicting Joseph and Lisa LaForte from their personal home.

The Motive: Why a Custodian Plays Prosecutor
Why would a neutral court fiduciary spend estate money researching a Ponzi theory that the SEC never included in their amended complaint?

Because an operating business produces fixed, predictable administrative recoveries that wrap up quickly. A manufactured "Ponzi scheme," however, unlocks a devastating legal cheat code known as the "Ponzi Presumption":

Bypassing the Burden of Proof: Under normal equity rules, a receiver suing to recover funds must prove actual fraudulent intent and insolvency on every single transaction. A judicial finding of a Ponzi scheme legally presumes fraud and insolvency across the entire company, eliminating the fiduciary's evidentiary burden.

Turning Noteholders into Defendants: It allows the receiver to classify Noteholders as "net winners" and "net losers," converting retail Noteholders who merely received contractual returns into targets for aggressive claw back lawsuits.

An Infinite Billing Engine: Liquidating an orderly asset takes months; prosecuting hundreds of claw back targets generate tens of millions in adversary billables, drawn straight from the seized asset pool.

The receiver didn't conduct a Ponzi analysis to find the truth; he conducted it to fabricate legal standing for an open-ended litigation machine.

The $70.4 Million ACH Freeze: Manufacturing Failure
While plotting behind closed doors, the receiver deliberately crippled the company’s cash engine. For 44 consecutive business days after taking control, the receivership

refused to run automated daily ACH debits. With Par Funding consistently collecting at least $1.6 million per day, this deliberate halt instantly torched $70,400,000 in merchant cash flow.

The receiver defended the freeze in court by claiming he needed time to research whether the contracts constituted usury. It was a transparent smokescreen. While merchant accounts soured and performing assets were left to die, billing logs prove the legal team was actually billing massive hours researching the "Ponzi presumption" to expand its litigation footprint.

When collections finally resumed, the receiver processed payments through an unrecognized foreign carrier. That is akin to having a gym membership at Planet Fitness and Lifetime Fitness pulls the payment out of your account. Confused merchants placed immediate stop-payment orders. Yet, despite burning over $70 million in receivables and paralyzing collections, the receiver and his circle billed an astonishing $2.3 million in administrative fees during their first 60 days alone.

The Receipts: The Billing Timeline That Proves the Conspiracy
The billing records show that the push for a Ponzi determination never came from an honest audit of company records. It was a coordinated, pre-planned strategy engineered from month one:
(See part 2 for the full evidence of the Receiver's billing records)

-August 23, 2020 (DE-438): Barely three weeks into his appointment—before any real audit occurred—the receiver billed for calls with DSI, Ross, and Alfano to discuss "solvency and Ponzi analysis" and plan the "re-creation" of 2018–2019 financial statements.
-December 14, 2020 (DE-491): The receiver and counsel billed for reviewing external guidance on the legal definition of a Ponzi scheme to tailor their litigation theory.
-June 1–8, 2021 (DE-699): DSI billed extensively for running "net winner and Ponzi analyses" across investor accounts while the receiver researched standing to launch claw back claims.
-September 10–14, 2021 (DE-948): Billing entries focused explicitly on researching the burden of proof for the "Ponzi presumption" and UFTA claims to launch adversary proceedings.
-January–February 2022 (DE-1246): The receiver retained outside paid guns tasked with producing reports specifically designed to "facilitate fraudulent transfer claims" under Ponzi theories.
-March–May 2024 (DE-1959, DE-2038): Years later, DSI and legal counsel

coordinated dozens of conferences and redlined declarations to force a judicial Ponzi finding to justify their fee-generating claw back models.

Independent forensic audits—including comprehensive reports by Joel Glick, CPA/CFF, CFE, Director of Forensic and Advisory Services at Berkowitz Pollack Brant Advisors + CPAs in Miami, Florida, and Forensic CPA, David A. Dunkelberger who gave a second opinion to validate Glick—proved that Par Funding generated legitimate cash profits through merchant underwriting and daily collections, completely refuting the claim that returns were funded by new investor capital.

The paper trail proves that the receiver arrived on Day One with a predetermined script. By engineering a Ponzi narrative before examining the books, this receivership transformed a duty of asset preservation into the willful destruction of a going concern—all to line its pockets with tens of millions in administrative fees.

As our readers know, the result of the Receiver's fraudulent narrative, the AUSA adopted this fraudulent theory and presented it to a Philadelphia court presided by Obama appointee, liberal, Mark A. Kearney who gladly labeled Par Funding a Ponzi Scheme!