

**IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF FLORIDA**

CASE NO. 20-CV-81205-RAR

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

vs.

**COMPLETE BUSINESS SOLUTIONS GROUP,
INC., d/b/a PAR FUNDING, et al.,**

Defendants.

DECLARATION OF JOEL D. GLICK

1. Pursuant to 28 U.S.C. Section 1746, the undersigned states as follows:
2. My name is Joel Glick. I am over the age of 18 years and I make this declaration based upon my personal knowledge of the facts set forth herein.
3. I practice in the areas of forensic accounting and economic damages.
4. I have testified as an expert witness in both State and Federal courts. See attached Exhibit 1.
5. I am a Certified Public Accountant licensed in Florida, since 1994, and Certified in Financial Forensics, since 2008. Both credentials are through the American Institute of Certified Public Accountants.
6. I am a Certified Fraud Examiner credentialed through the Association of Certified Fraud Examiners since 2010.
7. I am a Director of Forensic and Advisory Services at Berkowitz Pollack Brant Advisors

+ CPA's ("BPB").

8. BPB was retained by the law firm of Fridman Fels & Soto, PLLC to assist with their representation of Complete Business Solutions Group, Inc., d/b/a Par Funding ("CBSG").
9. I have supervised and been extensively involved in the analysis to date of CBSG's books and records.
10. No statements in this declaration are intended to render any legal opinions or conclusions.
11. The goal of the Court was *"that every piece of data that Mr. Sharp used to prepare this affidavit¹ be provided, pursuant to the guidelines [it] put in place, to a defense expert."2 As of the signing of this declaration, it is unclear what the entirety of the data DSI reviewed and relied on to prepare their declaration is and, therefore, it is unclear whether they complied with the Court's wishes.*
12. We understand that most of the activity from January 1, 2020 through July 27, 2020 had been entered into QuickBooks however, as of the filing of this Declaration, we have not received reconciled QuickBooks. As such, it is unclear whether they have yet to be fully reconciled by the Receiver.
13. Based on the foregoing, and as discovery is ongoing, I reserve the right to update this declaration as more data becomes available.
14. I have reviewed the following information:
 - a. CBSG bank statements and ACH vendor statements from January 2013 to July 2020.

¹ DECLARATION OF BRADLEY D. SHARP (DE 426-1)

² Transcript of the December 15, 2020 Status Videoconference Before The Honorable Rodolfo A. Ruiz, II 60:18-21.

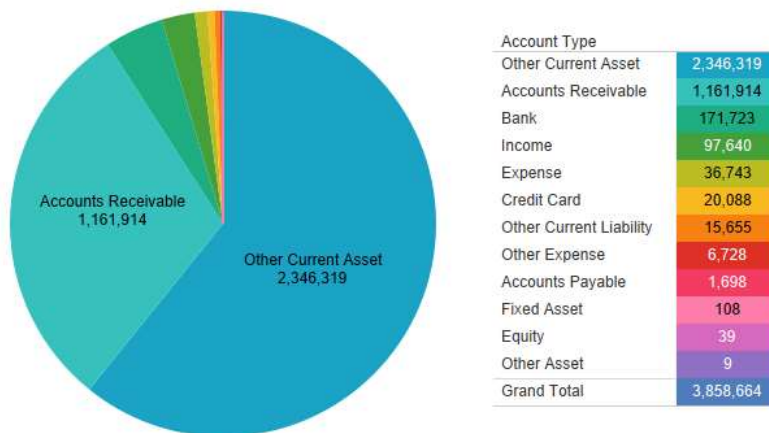
- b. CBSG accounting records maintained in QuickBooks (inception to July 27, 2020). As indicated above, the records in our possession have not been fully reconciled through the date of the Receivership.
- c. CBSG contemporaneously prepared spreadsheets maintained by accounting personnel. These spreadsheets constitute an integral portion of CBSG's accounting process.
 - i. Daily Deposit Logs
 - ii. Bank Activity Log
- d. CBSG Funding Analysis, also known as the Key Performance Indicators (hereinafter "KPI Report") for the following cumulative periods from January 1, 2013 to:
 - i. September 2018
 - ii. May 2019
 - iii. June 2019
 - iv. February 2020
 - v. June 2020

Data Analysis

15. BPB has analyzed information for the same approximate eight-year period from January 2013 to June 2020, as reflected in the KPI Report.
16. BPB has reviewed and consolidated the following:
- a. Using the CBSG Daily Deposit Logs ("Deposit Logs"), BPB created a transaction database that contains approximately 1M records. The Deposit Logs are spreadsheets that were created and maintained, in the ordinary course of business, by CBSG on a monthly basis for the purpose of tracking merchant funding activity, merchant defaults, and daily merchant repayments.
 - i. The Funding tab was maintained from March 2012 through the date of the Receivership (July 27, 2020) and contains all information regarding the actual merchant deals. It is cumulative and rolled forward to the next consecutive month. Through the date of the Receivership, it contained 17,432 record entries.

- ii. The Default tab was maintained from January 2013 through the date of the Receivership (July 27, 2020) and contains all information regarding merchant defaults. It is cumulative and rolled forward to the next consecutive month. Through the date of the Receivership, it contained 1,883 record entries.
 - iii. A daily tab was created for each business day beginning January 2016 through the date of the Receivership to track the daily scheduled ACH draws from merchant accounts, wires and other deposits. Individual wires and deposits were deposited directly into CBSG bank accounts and then recorded in QuickBooks whereas the individual ACH debits were processed each day by the third-party ACH processor then, within four to five days, were transferred to CBSG bank accounts in batches. These batches were then recorded in QuickBooks. Through the date of the Receivership, the daily logs contained 1,035,087 record entries.
- b. Using specialized software, BPB created an ACH vendor transaction database containing approximately one million records.
 - c. Using specialized software, BPB created a bank account transaction database containing approximately 96,000 records.
 - d. Using Microsoft Excel, Alteryx and Tableau, BPB created a transaction database of QuickBooks data containing approximately 3.8 million records.

QuickBooks Number of Records



17. CBSG provided noteholders³ with an updated KPI Report every month. The KPI Report summarized, on a month-by-month and then consolidated annual basis, certain financial metrics such as:

- a. Number of merchant cash advance (“MCA”) deals funded in a given month and/or year, referred to in the KPI as “Funding Count.”
- b. Average amount funded per MCA deal for a given month and/or year, referred to in the KPI as “AVG Funding.”
- c. Average factor rate⁴ per MCA deal for a given month and/or year, referred to in the KPI as “Factor Rate AVG.”
- d. Average term of each MCA deal for a given month and/or year, referred to in the KPI as “Avg Term.”
- e. Monthly factor percentage⁵ for a given month and/or year, referred to in the KPI as “Monthly Factor %.”
- f. Funds wired to merchant—the cash actually funded to the merchant per the agreed commitment, referred to in the KPI as “Wire Total.”
- g. Funds committed to merchants – the total amount CBSG agreed to fund, referred to in the KPI as “Funded Total.” Funds were sometimes disbursed by CBSG in installments rather than in full. Because of this and other, initial fees CBSG charged the merchants, the Funded Total differs from the Wired Total.
- h. The amount of the total committed funds for the period plus the corresponding factor fees, referred to in the KPI as “New AR” (“Accounts Receivable”). This is synonymous with the term Right to Receivable (“RTR”) reflected in other client records.
- i. “Factoring Losses”⁶ in the KPI refer to the full amount of Accounts Receivable relating to written-off deals.⁷

³ I am generally aware that one of the issues in this case is whether the promissory notes issued by CBSG in this case constitute securities. As explained above, no statements in this declaration are intended to render any legal opinions or conclusions, and none are intended by my use of the term “investor” as opposed to “noteholder.”

⁴ As defined in the KPI Report, the average factor rate is the “*Weighted average of factor rate in respective month based on total funding commitment per transaction.*”

⁵ As defined in the KPI Report, “*The proportionate monthly factor rate average in respective month based on AVG Funding divided by AVG Term.*”

⁶ As defined in the KPI Report, “*Factoring Losses realized in respective month equal to total AR balance for transactions written off against Factoring Loss reserve.*”

⁷ I am not rendering any opinion on management decisions regarding factoring losses.

- j. “Funding Exposure”⁸ in the KPI refers to the cash portion of deals that are written off net of recoveries from previously written off deals. Written off deals are also referred to as deals in default as reflected in the Default Tab of CBSG’s Deposit Log.
- k. “Total Deposits” in the KPI refer to cash deposits received from merchants, whether from ACH payments, or other means (checks or cash deposits).
- l. Gross ACH payments (a subset of Total Deposits), referred to in the KPI as “Total ACH Payment.”
- m. “Returned ACH Payment Total” in the KPI refers to the total dollar amount of ACH payments CBSG was unable to withdraw during the period per a merchant agreement.
- n. “Return %” in the KPI Report refers to the returned ACH payments as a percentage of the total ACH payments debited in a given period.

18. We are not rendering any opinion as to management’s decision regarding what information was provided to note-holders or the presentation of such information.

19. The KPI Report calculates the Exposure % by dividing Funding Exposure by the funds wired to merchants. The KPI Report reflects this amount on a period-by-period basis. We have prepared the following tables that reflect the cumulative Funding Exposure from 01/01/2013 – 06/30/2020. Table 1 below is a cumulative analysis prepared using the CBSG KPI Report. Table 2 below is a cumulative analysis prepared using the CBSG Deposit Logs:

⁸ As defined in the KPI Report, “Cumulative exposure, as determined by funding amount minus collected payments, at the time that transactions were written off in the respective month to Factoring Losses.”

Table 1.

Based on CBSG Funding Analysis			
Year	Wire Total	Cumulative Funding Exposure	Exposure %
2013	\$ 10,573,755	\$ 468,013	4.426%
2014	27,508,501	822,887	2.991%
2015	56,146,068	653,083	1.163%
2016	124,211,932	856,355	0.689%
2017	315,267,992	3,213,406	1.019%
2018	655,850,437	7,959,252	1.214%
2019	1,051,946,128	9,105,980	0.866%
2020 (Jan - June)	\$ 1,231,298,330	\$ 14,285,812	1.160%

Table 2.

Based on CBSG Deposit Log			
Year	Wire Total	Cumulative Funding Exposure	Exposure %
2013	\$ 10,584,848	\$ 503,931	4.761%
2014	27,533,686	851,740	3.093%
2015	56,171,253	207,097	0.369%
2016	124,225,458	410,369	0.330%
2017	315,283,386	2,767,420	0.878%
2018	655,865,830	7,704,084	1.175%
2019	1,051,930,639	8,850,812	0.841%
2020 (Jan - June)	\$ 1,231,279,740	\$ 14,051,811	1.141%

20. Using the transaction database created from the CBSG Deposit Logs, we recreated a KPI Report. The top half of the attached exhibit reflects CBSG's KPI Report⁹ which can be compared to the totals from our recreated KPI Report reflected on the bottom half of the exhibit.

21. Using the transaction database created from the CBSG QuickBooks, we quantified the amounts corresponding to certain requested CBSG KPI Report columns. The top half of the attached exhibit reflects CBSG's KPI Report which can then be compared to the totals from our analysis of the CBSG's QuickBooks as reflected on the bottom.

⁹ As noted in the schedule, the KPI reflects certain information dating back to 01/01/2013; however, the daily tabs from the Deposit Logs only begin as of 01/01/2016.

22. Both the CBSG Deposit Logs and QuickBooks referenced in this Declaration are the same as those used to prepare my Declaration dated April 15, 2021.

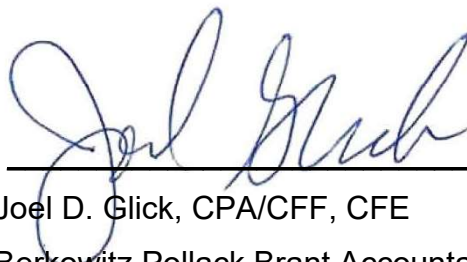
23. The CBSG Deposit Logs were separately maintained Excel spreadsheets, which tracked merchant repayments and were, subsequently reconciled, by CBSG accounting personnel, to the QuickBooks.

24. DSI indicated it independently reconciled the QuickBooks to bank statements and then relied upon the QuickBooks to issue its Declaration dated December 13, 2020.

EXPERT COMPENSATION

25. I am being compensated at my standard rate of \$495 per hour, while other members of our firm who worked on this engagement are compensated at \$85 to \$480 per hour. Neither my compensation nor the compensation of the other BPB personnel who worked on this assignment is contingent on the outcome of this litigation.

26. I declare under penalty of perjury that the foregoing is true and correct, and made in good faith. Executed this 13th day of July 2021.

A handwritten signature in blue ink, appearing to read "Joel D. Glick", is written over a solid black horizontal line.

Joel D. Glick, CPA/CFF, CFE
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Advisors LLP
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Miami, Florida 33131

