

## **THE INDICTMENT OF MELISSA DAVIS: The Swamp's "Math Queen" and the Destruction of Par Funding**

In the government's war against Joseph LaForte, they did not just need a narrative, they needed a weapon with a credential. That weapon was Melissa Davis, a CPA specifically recruited by the SEC's Amie "Rigged-It" Riggle Berlin. Davis was the "Expert," which made her infinitely more dangerous than the lying merchants or lawyers like Shane Heskin. She was the one who gave a foolish Judge the "professional" excuse to pull the trigger.

### **THE BEGINNING: The \$360 Million Phantom Heist**

To get a Judge to sign a Temporary Restraining Order (TRO) and authorize a massive raid on homes and offices, you must prove an "emergency."

**The False Narrative:** On July 28, 2020, Davis told a Miami Judge that \$360 million had been "diverted" to a mysterious account in Georgia and that Par Funding was "cleaned out," leaving only \$82,319 for investors.

### **EXHIBIT- (Doc. 21-1, p. 4).**

19. As of May 29, 2020, the balance in the Par Funding Glacier Bank account was \$6,763,578.<sup>2</sup> As of June 30, 2020 the balance is the Par Funding JP Morgan Chase accounts total \$82,319 after transfers labeled "Par Fund Pref" totaling \$20,865,953 were made out of the JP Morgan accounts during the month of June 2020.

**The Reality:** The "Georgia account" was Priority Processing, Par's primary payment processor. It was the heart of the business, not a secret vault.

### **EXHIBIT – PAR FUNDING “PREFUND” ACCOUNT DAILY SUMMARY**

Par Funding Prefund

1002007027

7/27/2020 - 7/27/2020

Run Time: 7/28/2020 8:38:29 AM

Processing Date - 7/27/2020

Batch Company Name	Company Disc Data	Name	ID	SEC	Transaction	EED	Account	Amount
Par Funding Pref		Riley Excavating	RILEVEX	CCD	Credit	7/27/2020	Checking Account	\$47,500.00
Par Funding Pref		Moore Fence LLC	MOOR003:20001	CCD	Credit	7/28/2020	Checking Account	\$492.18
Par Funding Pref		R B Bommaster and Asso	RBBC001:20001	CCD	Credit	7/28/2020	Checking Account	\$450.00
Par Funding Pref		Eagle Union Quest Two	EUQT	CCD	Credit	7/28/2020	Checking Account	\$80,000.00
Par Funding Pref		Warners MVP Lounge	WARNERS	CCD	Credit	7/28/2020	Checking Account	\$23,750.00
Par Funding Pref		Combat Builders	COMBATB	CCD	Credit	7/28/2020	Checking Account	\$836.65
Par Funding Pref		Axis Group Business So	AXS001	CCD	Credit	7/28/2020	Checking Account	\$24,500.00
Par Funding Pref		Beverly Cash Group Cor	BEVE001	CCD	Credit	7/28/2020	Checking Account	\$2,250.00
Par Funding Pref		Big Think Capital INC	BIGT001	CCD	Credit	7/28/2020	Checking Account	\$4,102.13
Par Funding Pref		Ben Miser LLC (Blocks	BLAC001	CCD	Credit	7/28/2020	Checking Account	\$3,406.17
Par Funding Pref		P Borsion INC	PBER001	CCD	Credit	7/28/2020	Checking Account	\$840.00
Par Funding Pref		Empire Capital Funding	EMPI002	CCD	Credit	7/28/2020	Checking Account	\$750.00
Par Funding Pref		Getty Advance II LLC	GETT001	CCD	Credit	7/28/2020	Checking Account	\$750.00
Par Funding Pref		Hamilton Advance INC (	HAM001	CCD	Credit	7/28/2020	Checking Account	\$1,575.00

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**\*HERE IS THE FACEPLATE OF PAR FUNDING'S PREFUND ACCOUNT THAT DAVIS LIES TO THE JUDGE AND SAID LAFORTE WAS USING IN AN ILLEGAL MANNER. THIS WAS THE NORMAL DAY TO DAY ACCOUNT USED FOR OPERATIONS UP UNTIL 7/27/2020, THE DAY BEFORE THE RAID TOOK PLACE.**

**EXHIBIT --"PAR PREF" PRIORITY PAYMENT SYSTEMS ACCOUNT INVOICE**

# PRIORITY PAYMENT SYSTEMS®

Priority Payment Systems  
PO Box 246  
Alpharetta, GA 33309-0246  
866-859-0555

**Bill To:**  
**Par Funding Prefund**  
20900 NE 30th Ave, Ste 307  
Aventura, FL 33180

## INVOICE

Invoice #: AD\_JUN20\_728  
Invoice Date: 06/30/2020  
Due Date: 07/10/2020

*This Invoice will be direct  
debited on the 10<sup>th</sup> of the month  
by the ACH Department.*

Item	Description	Unit	Quantity	Unit Price	Amount
CP Monthly Fee	Monthly Maintenance Fee	Each	1	\$20.00	\$20.00
CP File Fee	File Fees	Each	34	\$0.00	\$0.00
CP Origination	Origination Transactions (0 - 2500)	Each	428	\$0.20	\$85.60
CP Returns	Return Items	Each	2	\$2.00	\$4.00
CP File Fee	Same Day Origination Transactions	Each	16	\$5.00	\$80.00
CP Origination	Same Day File Fees	Each	60	\$1.50	\$90.00
SUBTOTAL					\$279.60
TOTAL					\$279.60

*Thank you for your business!*

**\*\*THIS WAS PAR FUNDING'S ACH PROCESSOR NOT SOME CLANDESTINE ACCOUNT AS DAVIS CLAIMS IN ORDER TO OUTRAGE A FLORIDA JUDGE TO GRANT A DRACONIAN TRO. DAVIS USED THE BANK'S ADDRESS IN GEORGIA TO LOOK AS IF PAR WAS MOVING MONEY OUTSIDE THE JURISDICTION AS THOUGH IT WAS SOME FOREIGN ACCOUNT. IN TRUTH, THIS WAS THE BANKS ADDRESS AND THE NORMAL COURSE OF BUSINESS FOR PAR FUNDING! IT CAN BE ONLY ONE OF TWO THINGS. 1. THEY KNOWINGLY LIED OR 2. THEY CHOSE NOT TO DO A PROPER INVESTIGATION TO FIND THE TRUE NATURE OF THE ACCOUNT.**

**The Disposable Lie:** Joseph LaForte was never actually accused of this \$360 million theft in the Amended Complaint or the Criminal Indictment. Why? Because the SEC knew it was a lie. They used it to convince a Judge to sign the warrants, then made as if they never accused LaForte of it once the raid was over and the 70 employees were fired.

**The Magic \$28 Million:** While Davis claimed only \$82k was left, the Receiver's own documents (DE#358-1) later admitted there was \$28,779,570.00 sitting in the bank.

**EXHIBIT - (DE#358-1)- LOOK AT THE BEGINNING BALANCE OF \$28,779,570.00 ON 7/28/2020 THE DAY PAR FUNDING WAS RAIDED. BUT MELISSA DAVIS SAID IT**

**WAS ONLY \$81,000 ON 7/27/2020!?? THE RECEIVER'S REPORT PROVES HER LIE!!!!!!!!!!**

**THIS WAS ONE OF THE CAUSATIONS OF THE RAID ON 7/28/2020**

STANDARDIZED FUND ACCOUNTING REPORT for PAR FUNDING - Cash Basis  
 Receivership: Civil Court Docket No. 20-cv-81205-RAR  
 Reporting Period 7/28/2020 to 9/30/2020

Fund Accounting:		Current Period	Prior Period(s)	Case-to-date
		Q3 2020		Total
Line 1	Beginning Balance (as of 7/28/2020):	\$28,779,570		\$28,779,570
<i>Increases in Fund Balance:</i>				
Line 2	Business Receipts	7,439,944		7,439,944
Line 3	Cash and Securities	0		0
	Increase in Value of Securities	3,810		3,810
Line 4	Interest/Dividend Income	1,102		1,102
Line 5	Business Asset Liquidation	0		0
Line 6	Personal Asset Liquidation	0		0
Line 7	Third-Party Litigation Income	0		0
Line 8	Miscellaneous	6,257		6,257
	Total Receipts <sup>1</sup>	7,451,112		7,451,112
	Total Funds Available (Lines 1 - 8):	\$36,230,683	\$0	\$36,230,683
<i>Decreases in Fund Balance:</i>				
Line 9	Disbursements to Investors	0		0
Line 10	Disbursements for Receivership Operations:			
Line 10a	Disbursements to Receiver or Other Professionals	0		0
Line 10b	Business Asset Expenses			
	Payroll & Benefits	100,031		100,031

**THE DEFENSE:** Enter Joel Glick and the Kovel Agreement

While the SEC was using "Swamp Math," the defense hired a real heavyweight: Joel Glick, a Director at Berkowitz Pollack Brant. Glick is a CPA, a Certified Fraud Examiner (CFE), and certified in financial forensics (CFF).

Glick was hired by the law firm Fridman Fels & Soto under a Kovel Agreement. This is a critical legal shield that allowed Glick to work strictly for the attorneys to find the objective truth. Unlike Davis, Glick followed the "Gold Standard" of accounting: GAAP.

**Glick Dismantles the Davis Narrative**

In his forensic reports, Glick exposed Davis for ignoring the basic rules of her profession.

**1. The Accrual Accounting Lie**

Glick pointed out that Davis used "Cash Basis" accounting to make Par look insolvent, ignoring the hundreds of millions in MCA contracts.

*"Ms. Davis's analysis fails to account for the value of the Merchant Cash Advance portfolio... which is a fundamental requirement of Accrual Accounting under GAAP."*

**EXHIBIT- (Expert Rebuttal Report of Joel D. Glick, CPA/CFE, CFE: p. 4)**

- 5) Davis disregards U.S. Generally Accepted Accounting Principles ("GAAP") in her use of a cash-based analysis of Merchant Advances Receivables.<sup>4</sup> GAAP makes clear that a cash flow analysis alone is not appropriate to determine CBSG's profitability and that an accrual-based analysis is the only method of accurately assessing profitability. *"The cash flow generated from the Merchant Advance Receivables was not sufficient for Par Funding to make the interest payments to investors or to fund its operating expenses without utilizing the funds from investors."*
- 6) Davis applies inconsistent treatment of cashflow between her Declaration, dated August 26, 2020 and her Expert Report, dated August 15, 2021.

**2. The \$231 Million "Black Hole"**

Glick found that Davis relied on "MCA Suite" software without ever checking if the numbers matched the company's actual bank records or QuickBooks.

*"Ms. Davis ignored \$231,885,904 in merchant receipts... This omission alone renders her insolvency analysis statistically worthless."*

**EXHIBIT- (Expert Rebuttal Report of Joel D. Glick, CPA/CFE, CFE: p.3)**

## V. **EXPERT OPINIONS**<sup>3</sup>

As discussed in greater detail in Section VI – Basis for Opinion, below, my expert opinions are as follows:

- 1) Davis incorrectly relies on an incomplete and unreconciled derivative data source called "MCA Suite." "I utilized the data from MCA Suite as opposed to the data from QuickBooks and the Deposits Logs..."

<sup>3</sup> I am generally aware an issue in this case is whether 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."

### **The Gold Standard vs. "Swamp" Math**

**GAAP** (Generally Accepted Accounting Principles) is the "Gold Standard" of American finance, introduced after the **1929 Stock Market Crash** to stop the "Wild West" era of deceptive accounting where companies could just make up their own numbers to hide losses.

**A Violation of GAAP in Layman's Terms:** Imagine you are watching a football game. The rules say a touchdown is worth 6 points. Suddenly, in the fourth quarter, the referee (Davis) decides your team's touchdowns are only worth 1 point, but the other team's touchdowns are worth 50. That is what violating GAAP is—changing the rules in the middle of the game to ensure a specific side loses.

### **THE DEPOSITION: The "Expert" Crumbles**

#### **1. The Admission: Abandoning the Rules:**

On September 8, 2021, defense counsel used Glick's findings to pin Davis down. Under oath, Davis was forced to admit her failure:

When asked why Davis did not use the industry-standard "Accrual-Basis" accounting, which GAAP makes clear is the only method for accurately assessing profitability—Davis confessed:

*"I haven't conducted a GAAP audit, so I'm not going to opine on that... but based on my analysis... I think that [Par Funding's factoring losses] were understated."*

(She just “thinks” that! This is not based on forensic science!)

**EXHIBIT— Melissa Davis, Deposition Page 75, Lines 9–15 (Sept. 8, 2021):**

Melissa Davis  
9/8/2021

<p>1 A. But I didn't conduct an audit to confirm 2 that it was done accurately. But definitely, that 3 was their -- that was their method of accounting and 4 their intention, agreed. 5 Q. And at least in 2017 and 2018, they had 6 auditing firms -- they hired auditing firms to 7 review their books, correct? 8 A. For 2017, I referenced that there was an 9 independent CPA firm retained that issued an -- or 10 qualified opinion report, a signed report. I 11 understand that there was another CPA firm retained, 12 but I don't know specifically which year it was 13 associated with, and I wouldn't want to limit. So I 14 do know there was another CPA firm retained. 15 Q. Okay. So we'll -- we'll talk about that a 16 little bit later. 17 So you agree that Par intended to 18 recognize revenue on a GAAP-compliant accrual basis, 19 correct? 20 A. I agree. 21 Q. And the estimated credit losses on a 22 GAAP-compliant accrual basis as well, did they not? 23 A. I do not think that they were 24 GAAP-compliant on their recognition of factoring 25 losses.</p> <p style="text-align: center;">73</p>	<p>1 that it anticipated at the inception of these deals. 2 Is that your testimony? 3 A. I think -- I think you've generally 4 restated what I just said. 5 Q. Okay. So -- and so on the basis of that 6 analysis, your opinion is that Par's estimation of 7 credit losses was not GAAP-compliant on an accrual 8 basis? 9 A. I haven't conducted a GAAP audit, so I'm 10 not going to opine on -- on that, but -- but based 11 on my analysis, I think we originally got into this 12 discussion because you were asking me if -- if Par 13 recorded factoring losses in accordance with GAAP, 14 and -- and my answer is, I think that it was 15 understated. 16 Q. Okay. And I just want to make sure that I 17 understand your methodology in reaching that 18 conclusion. 19 And so to be clear, you're testifying that 20 you believed that Par's estimate of credit losses 21 was understated, correct? Is that correct? 22 A. I believe that -- 23 MS. BERLIN: Excuse me. I'm sorry, I'm 24 sorry. I object as to form. 25 A. I think what my testimony was is that you</p> <p style="text-align: center;">75</p>
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By ignoring GAAP, she was able to ignore Par's hundreds of millions in assets and focus only on "cash" to make a healthy company look like a failure.

There is not a single audit done in American that is non-GAAP. The Governments own IRS would never consider a non-GAAP submission for taxes and not a single fortune 500 company uses a non-GAAP methodology. So, for our readers to understand, Melisa Davis, the SEC, the AUSA, and both Judges knowingly knew it is absurd to accept a non-GAAP report from an expert government witness yet still accepted this outrageous flawed report and deposition. This proves once again that the facts did not matter. If the facts were not the truth that is all that mattered! The irony is that the defense was seeking the truth while the plaintiff's all chose trickery and black magic!

**2. The FIFO/LIFO Fraud:**

Davis admitted she used the proper FIFO (First-In, First-Out) method in other cases but switched the rules only for Par to make it look like a Ponzi scheme.

To understand the fraud on the court, you must look at how Davis traced the money. In accounting, **FIFO** (First-In, First-Out) is the standard, logical way to track money—like a grocery store selling the oldest milk first so it does not spoil. **LIFO** (Last-In, First-Out) is like a warehouse where you only take from the top of the pile, making it look like the "old" money (the actual assets) is never being used.

Davis used **LIFO-style logic** for Par to make it look like only "new" investor money was being used, but she admitted that in past cases, she used **FIFO** to prove that specific investor funds were used for legitimate costs:

*"We selected FIFO in that case... it demonstrated that that particular investor's funds was used to pay the construction costs."*

**EXHIBIT— Melissa Davis, Deposition Page 28, Lines 14–25 & Page 29, Line 1 (Sept. 8, 2021):**

<p>1     <b>A.</b> Yes. And Mr. Soto, I need to clarify 2 something, and specifically to Number 10 because you 3 might not have had a chance to look at them. Within 4 the reports, there -- there are -- there is an 5 expert report that I issued in a matter where the 6 client retained me. Like, it's an individual person 7 retaining me. And just so I can explain, it's an 8 EB-5 investor who invested in a case that's involved 9 with the SEC at this point, and there's a receiver 10 appointed, et cetera. 11         But this -- I produced that particular 12 expert report which does, I believe, have a FIFO 13 tracing in it, but I have a lot of other clients 14 where I prepared almost identical reports as the one 15 that I produced. It's just there's probably about 16 20 or 25 of them for these individual EB-5 17 investors, and they're all separate reports. And I 18 would need to go through and redact every single 19 name in every report, and that would take me 20 sometime. I did not produce those because I didn't 21 have time to go back and make all those redactions, 22 but there -- I produced one that was representative 23 of what -- what is in the rest of those reports as 24 well. 25     <b>Q.</b> Okay. So let me -- let me just consider</p> <p style="text-align: center;">26</p>	<p>1     <b>Q.</b> Okay. And in -- in -- on those occasions 2 where you decided to perform a FIFO tracing 3 analysis, can you tell me why you chose to use FIFO 4 as your tracing methodology in -- in those cases? 5     <b>A.</b> So it depended on which -- there was 6 different phases of this particular hotel project 7 and different entities that built different phases 8 of the project, and for some of those entities, we 9 were able to prepare a tracing analysis that -- that 10 demonstrated that the particular investor's funds 11 was used to actually pay construction costs. And so 12 that's -- that was the reason why for those 13 particular reports we included that analysis. 14     <b>Q.</b> And why was FIFO more helpful in reaching 15 that conclusion than another tracing methodology? 16     <b>A.</b> We selected FIFO in that case and, you 17 know, it was -- it was -- we conducted the analysis 18 and determined that when we applied FIFO tracing 19 methodology -- and it was very -- it was very 20 convoluted because there were a lot of transfers 21 back and forth, but for one particular entity, 22 the -- there was not as many transfers back and 23 forth, and there wasn't such extensive commingling 24 of funds. And so when we applied the FIFO analysis, 25 it demonstrated that that particular investor's</p> <p style="text-align: center;">28</p>
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<p>1 funds was used to pay the construction costs. So 2 we -- we did that and issued reports for those 3 investors where we could demonstrate that analysis. 4 And it wasn't possible to do that for all of the 5 investors because they didn't invest in the same 6 phase. It was very, very convoluted. 7 Q. And just so that the record is clear, this 8 analysis, this FIFO analysis that you're referring 9 to, is it the analysis that you used in the expert 10 report that you produced yesterday? 11 A. Yes. 12 Q. Because you mentioned several others, I 13 just want the record to be clear. 14 So once I have an opportunity to review 15 that report, I may have some other questions to ask 16 you with respect to your FIFO analysis. 17 A. Okay. 18 Q. With respect to Request 11 which asks for 19 expert reports discussing LIBR, did you produce any 20 reports? 21 A. Yes. 22 Q. Okay. Did you produce one or several? 23 A. Okay. So there was one -- there -- I 24 think -- I don't recall, specifically. I think 25 there are a couple of -- of expert reports. One in</p> <p>29</p>	<p>1 Let's go to Exhibit 152. 2 (Thereupon, marked as Exhibit 152.) 3 BY MR. SOTO: 4 Q. I imagine you recognize Exhibit 152? 5 A. Yes. 6 Q. Can you identify it? 7 A. It's my expert report dated August 13, 8 2021. 9 Q. Okay. So let's go to paragraph 23, which 10 is PDF page 11. 11 So in paragraph 23 of your report, you 12 indicate that you relied on the receiver's 13 reconciled QuickBooks, correct? 14 A. Yes. 15 Q. And after I ask you a question, if you 16 need to read through any document, just let me know 17 you need a minute. 18 I'm going to try to be as efficient as I 19 can, but I need you to let me know if you need some 20 time, okay? 21 A. Okay. 22 Q. All right. And in Footnote 23 on PDF page 23 12 you write, "I determined that the most meaningful 24 source of data to analyze the Par Funding cash 25 activity was the general ledger because it contained</p> <p>31</p>
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Davis knows the proper way to track funds, but she **refused to use it here** solely to fit the government's "Ponzi" narrative.

### 3. The \$231 Million "Black Hole":

Glick's report exposes that Davis did not even use the company's real books (QuickBooks) for her main analysis. Instead, she used cloud-based software called "MCA Suite" and never bothered to check if the numbers matched.

**"I didn't conduct an audit to confirm that it was done accurately."**

**EXHIBIT— Melissa Davis, Deposition Page 73, Lines 1-2 (Sept. 8, 2021):**

<p>1 A. But I didn't conduct an audit to confirm 2 that it was done accurately. But definitely, that 3 was their -- that was their method of accounting and 4 their intention, agreed. 5 Q. And at least in 2017 and 2018, they had 6 auditing firms -- they hired auditing firms to 7 review their books, correct? 8 A. For 2017, I referenced that there was an 9 independent CPA firm retained that issued an -- or 10 qualified opinion report, a signed report. I 11 understand that there was another CPA firm retained, 12 but I don't know specifically which year it was 13 associated with, and I wouldn't want to limit. So I 14 do know there was another CPA firm retained. 15 Q. Okay. So we'll -- we'll talk about that a 16 little bit later. 17 So you agree that Par intended to 18 recognize revenue on a GAAP-compliant accrual basis, 19 correct? 20 A. I agree. 21 Q. And the estimated credit losses on a 22 GAAP-compliant accrual basis as well, did they not? 23 A. I do not think that they were 24 GAAP-compliant on their recognition of factoring 25 losses.</p> <p>73</p>	<p>1 that it anticipated at the inception of these deals. 2 Is that your testimony? 3 A. I think -- I think you've generally 4 restated what I just said. 5 Q. Okay. So -- and so on the basis of that 6 analysis, your opinion is that Par's estimation of 7 credit losses was not GAAP-compliant on an accrual 8 basis? 9 A. I haven't conducted a GAAP audit, so I'm 10 not going to opine on -- on that, but -- but based 11 on my analysis, I think we originally got into this 12 discussion because you were asking me if -- if Par 13 recorded factoring losses in accordance with GAAP, 14 and -- and my answer is, I think that it was 15 understated. 16 Q. Okay. And I just want to make sure that I 17 understand your methodology in reaching that 18 conclusion. 19 And so to be clear, you're testifying that 20 you believed that Par's estimate of credit losses 21 was understated, correct? Is that correct? 22 A. I believe that -- 23 MS. BERLIN: Excuse me, I'm sorry, I'm 24 sorry. I object as to form. 25 A. I think what my testimony was is that you</p> <p>75</p>
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### THE END: 15.5 Years for a "No Loss" Case:

Despite Glick's reports proving the company was solvent, the SEC used the "Asset Freeze" to ensure LaForte could not pay to bring Glick to the final Losses Hearing. Davis stood alone and told her "Theories" to the Judge. The Court used her manufactured numbers to hand down a 15.5-year sentence. Yet the law has already proven her wrong.

### The "Banks" Reality:

Under the Third Circuit's Banks' ruling, a sentence must be based on ACTUAL loss. As of January 30, 2026, the Receiver's own report (Document 2197) confirms that investors were paid 100% of their principal.

**EXHIBIT- Document 2197 Receiver's Quarterly Status Report Dated January 30, 2026**

2025, the Court entered an Order granting the Second Distribution Motion, [ECF No. 2194], authorizing the Receiver to distribute an additional \$96,871,261.28 to investors.]

During the month of January 2026, the Receiver issued second distribution payments to Claimants. Through this second interim distribution, the Receiver has issued a total distribution to date of \$207,739,976.22, which amounts to a total recovery for certain claimants up to 100% of their Net Investment Amounts, with other Class 3 Claimants receiving lesser—but still substantial—total recoveries

Zero Actual Loss = Zero Jail Time.

### **Conclusion: A Fraud on the Court**

Melissa Davis was a recruited asset for Amie Berlin. She lied about the \$360 million to get the raid, she lied about the \$82k balance to keep the freeze, and she lied about the accounting rules to get the conviction.

She is the "Expert" who allowed the government to bypass the law. She provided the "Swamp Math" that allowed the SEC to pillage a billion-dollar company. It is time to hold her accountable. It is time to impeach Melissa Davis.