

More Receiver Schemes: How a "Ponzi Scheme" Generated \$247 Million, A \$10 Million IRS Refund, and a Missing 4.8 Million from Commercial Real Estate Sales

Authored by: Freedom Fighters of America

To our readers who value common sense, basic math, and the fundamental American right to a fair shake: we need to talk about the ongoing destruction of Par Funding.

For years, the establishment and their appointed receivers have peddled a specific narrative. They want you to believe this operation was a massive "Ponzi scheme." But as we know, the truth is usually found in the ledger, not in the headlines. When you reverse-engineer the actual numbers provided by the Receiver's own recent quarterly status report, April 30, 2026, the government's narrative utterly collapses.

Instead of running the company correctly, we are witnessing the systematic dismantling of a highly profitable enterprise, overseen by unelected operatives who are bleeding the estate dry while ignoring their fiduciary duties. Let us break down the math, the law, and the sheer audacity of what is happening.

This was never supposed to be a liquidation scenario contrary to what the judge stated on the record. They defied the court orders and proved otherwise since we have now seen the liquidation of Par Funding right before our very eyes.

EXHIBIT – TRANSCRIPTS FROM PRELIMINARY INJUNCTION VIA VIDEO DAY 2 -8/21/2020 (Pg. 260-261)

22 THE COURT: Okay. Great. And you guys have given me
23 some updates on that so if we could just, as you've done the
24 past, just keep us posted on some of those accounts as we,
06:52 25 hopefully, are able to start bringing in some of these funds

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1 that will, I think, be used to make some of the investors whole
2 as soon as possible and as we try to get some of these
3 employees back in the business and figure out if we can keep it
4 alive and we don't find ourselves in a situation of
06:52 5 liquidation.

EXHIBIT – TRANSCRIPTS FROM STATUS VIDEO CONFERENCE 9/8/2020 (Pg. 62 of 82)

12:26 15 left here. Because we talked from the beginning about trying
16 to save this business and keep this kind of loan operation
17 going, provided it's legal, providing we're not dealing with
18 these serious rates. But the deal was always not to liquidate,
19 but to salvage.

EXHIBIT – TRANSCRIPTS FROM STATUS VIDEO CONFERENCE 10/7/2020 (Pg. 29 of 175)

02:42 10 | At the end of the day, let's remember the receiver is
11 | an extension, to a certain extent, of the Court. The receiver
12 | is an agent of the Court put in place by the Court to make sure
13 | that we figure out a way to do this in an effective way to
14 | protect the investors and hopefully, as we stated from the
02:43 15 | beginning of this case, find a way to allow this business to
16 | continue if it's feasible to do so, so that we avoid the
17 | liquidation outcome.

The Great Portfolio Devaluation

The core of Par Funding's business was its Merchant Cash Advance (MCA) portfolio. These were advances backed by personal guarantees, confessions of judgment, and hard collateral. Yet, the Receiver has taken a massive sledgehammer to these assets.

According to their own report, after various "adjustments," they have reduced the accounts receivable balance of the MCA entities from \$420 million to a pitiful \$2.7 million. How does a receiver justify voluntarily wiping out hundreds of millions of dollars in accounts receivable when legally binding personal guarantees and confessions of judgment are sitting right there in the files?

(EVERY SINGLE MERCHANT THAT WAS EXTENDED A CASH ADVANCE FROM PAR FUNDING SIGNED A PERSONAL GUARANTEE AND A CONFESSION OF JUDGMENT.)

A receiver has a strict fiduciary duty to maximize the value of the estate. Giving up on these balances instead of aggressively pursuing the collateral defies logic and completely shatters the Business Judgment Rule.

Mr. Ryan K. Stumphauzer
April 30, 2026
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following table reflects the portfolio status on July 28, 2020, as included in our prior reports, and March 31, 2026, based on this categorization of the balances from reports prepared by operations staff.

SMM's	CBSG Portfolio as of:	
	7/28/2020	3/31/2026
Active ²	\$117.7	\$0.4
Exception Portfolio	203.9	\$127.8
Litigation ³	4.6	12.8
Non-Performing ⁴	34.7	12.3
Bankruptcy ⁵	54.7	56.9
Total Portfolio	\$415.6	\$210.2

The reduction in the CBSG Portfolio balance of approximately \$205.4MM represents merchants that have completely paid their advance through full payment of the remaining balance, settlement at a reduced amount, or a write-off of the remaining balance if the balance was determined to be unrecoverable. Balances determined to be unrecoverable include bankruptcy of the merchant and guarantor, verifiable closure of the merchant's business, or other business reasons.

For all MCA Receivership Entities, the accounts receivable balance on March 31, 2026, was approximately \$218.8MM. We continued to analyze the collectability of the MCA advances for additional write-offs and reserves for uncollectible accounts balances. While certain balances have already been written off, we have determined that additional reserves and write-offs are needed for accounts with open bankruptcies and for other matters where full payment is doubtful. This on-going review process has resulted in reserves and scheduled write-offs of approximately \$216.1MM. *The net result of these adjustments reduced the accounts receivable balances of the MCA Receivership Entities to approximately \$2.7MM.*

The Real Estate Fire Sale & The Missing \$4.8 Million

Let us look at the real estate liquidation. The math presented to the court raises massive red flags regarding transparency and fiduciary responsibility. The Receiver's charts show that 30 properties were sold for a total contract price of \$61,387,500. Yet, the estate only saw net proceeds of \$52,761,525.

EXHIBIT: DE 2224 (Pg. 28) - COMMERCIAL & RESIDENTIAL REAL ESTATE (INCLUDING CO-DEFENDANTS)

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PAR FUNDING REAL PROPERTY SALES SUMMARY

No.	Property	Closing Date	Contract Price	Net Proceeds
1.	164 84 th Street Stone Harbor, NJ (Abbonizio)	08/31/2022	\$4,150,000	\$1,684,821 See Note 1 ¹
2.	159 26 th Street Avalon, NJ (Abbonizio)	09/26/2022	\$4,025,000	\$2,275,241 See Note 2 ²
3.	568 Ferndale Lane, Haverford, PA	06/29/2023	\$3,338,000	\$3,142,187
4.	105 Rebecca Court, Paupack, PA	07/14/2023	\$3,300,000	\$3,098,666
5.	803 S. 4 th Street	08/25/2023	\$430,000	\$397,133
6.	118 Olive Street	09/15/2023	\$661,000	\$613,391
7.	2413 Roma Drive	09/19/2023	\$676,000	\$628,267
8.	915-917 S. 11 th Street	09/21/2023	\$1,750,000	\$1,625,696
9.	4633 Walnut Street	09/22/2023	\$700,000	\$651,045
10.	1530 Christian Street	10/11/2023	\$890,000	\$827,438
11.	242 S. 21 st Street	10/12/2023	\$1,025,000	\$955,296
12.	1932 Spruce Street	11/09/2023	\$1,650,000	\$1,533,969
13.	1223 N. 25 th Street Units A, B, C	12/20/2023	\$650,000	\$590,390
14.	1250 N. 25 th Street Units A, B, C	12/20/2023	\$650,000	\$602,384
15.	1427 Melon Street	02/22/2024	\$5,550,000	\$5,140,122
16.	715 Sansom Street	03/13/2024	\$2,100,000	\$1,915,085
17.	1248 N. 25 th Street, Unit A (owned by 1250 North 25 th St., LLC)	04/01/2024	\$250,000	\$230,800
18.	500 Fairmount Avenue	04/11/2024	\$1,450,000	\$1,325,986
19.	861 N. 3 rd Street	05/02/2024	\$1,468,500	\$1,353,648

¹ Net of 2 mortgages totaling \$2,254,706.

² Net of mortgage in the amount of \$1,547,120.

No.	Property	Closing Date	Contract Price	Net Proceeds
20.	300 Market Street	06/27/2024	\$3,250,000	\$2,981,092
21.	627-629 E. Girard Avenue	06/28/2024	\$2,750,000	\$2,532,414
22.	135-137 N. 3 rd Street	07/10/2024	\$5,600,000	\$5,153,486
23.	142 N. 2 nd Street (owned by 803 S. 4 th St., LLC)	07/18/2024	\$175,000	\$151,371
24.	1635 E. Passyunk Avenue	09/17/2024	\$675,000	\$619,038
25.	107 Quayside Drive, Jupiter, Florida	05/29/2025	\$12,200,000	\$10,877,053
26.	205 B. Arch Street (104 N. 2 nd Street)	06/13/2025	\$260,000	\$244,130
27.	20-22 N. 3 rd Street (Unit 202)	06/27/2025	\$549,000	\$488,313
28.	20-22 N. 3 rd Street (Unit 101)	12/12/2025	\$382,500	\$354,556
29.	20-22 N. 3 rd Street (Unit 102)	12/12/2025	\$382,500	\$354,446
30.	20-22 N. 3 rd Street (Unit 201)	02/12/2026	\$450,000	\$414,061
TOTAL:			\$61,387,500	\$52,761,525

That is an \$8,625,975 haircut taken right off the top.

Where did that money go? The report's footnotes quietly mention that about \$3.8 million went to paying off existing mortgages. But here is the critical fact the establishment will not highlight:

The LaForte family had zero mortgages on their real estate. Those properties were owned free and clear. The only mortgages paid off in this entire \$61 million fire sale belonged to two New Jersey properties owned by a co-defendant.

Subtracting those specific mortgages leaves \$4,824,149 in un-itemized deductions.

Who walked away with nearly \$4.8 million of the estate's money? While the general public often assumes real estate commissions are capped at 6% by law, in the commercial real estate world, commissions are entirely negotiable. For a massive \$61 million commercial portfolio,

standard industry practice dictates a sliding scale. A competent fiduciary negotiating a bulk liquidation of this magnitude should be securing broker fees in the 1% to 4% range. Paying anything resembling standard residential rates—or hiding behind opaque "closing costs"—on a portfolio this size is a gross failure to protect the estate's assets. We demand a transparent accounting of exactly whose pockets this \$4.8 million lined.

The \$10.5 Million Tax Illusion

Here is where the establishment's logic truly goes off the rails. We are told that the founders of this business, Joe LaForte and Lisa McElhone, are guilty of tax evasion. Yet, in the Receiver's own report, they admit to finalizing amended tax returns for 2018, 2019, and 2020. The result? The Receiver has filed for a federal tax refund of approximately \$10.5 million from the IRS.

EXHIBIT: DE 2224 (Pg. 4)

Based on this collectability analysis, and only using information that was available to CBSG management, the Receiver finalized and filed an amended tax return for 2018, a previously unfiled return for 2019, and an amended return for 2020. Through these returns, the Receiver has filed for a federal tax refund of approximately \$10.5 million. Although the Receiver has requested the refund from the IRS multiple times, it is unknown when the IRS will accept this refund request and, if so, when any such refund will be paid to the Receiver.

Read that again. How can you be guilty of tax evasion when the IRS owes your business ten and a half million dollars? It is mind-blowing.

The \$247 Million "Ponzi" Question

The definition of a Ponzi scheme is an operation that produces no legitimate revenue, paying old investors strictly with new investors' money. Yet, independent CLA audits and Glick reports have historically shown otherwise. And now, we have the Receiver's own admission.

Despite liquidating assets at a massive discount, offering poor settlement deals, and artificially reducing merchant balances by 90% (from merchants who owe money), firing the entire Par Funding professional staff day 1, and not running the ACH for the first 45 days—destroying all assets, the Receiver admits to acquiring an additional \$247,420,450 in cash strictly through collections, settlements, and asset sales.

To our readers, this company was so strong that even the receiver’s destruction could not stop the investors from being paid in full. This proves positive that this company was never a Ponzi scheme, but a powerhouse enterprise.

A business that can generate a quarter of a billion dollars in hard cash after its operations have been forcibly halted and mismanaged is not a Ponzi scheme. It is a highly successful, collateralized lending machine that has been hijacked.

The Ultimate Cash Grab

While the portfolio is decimated and the original operators are sidelined, who is actually getting rich here? The Receiver’s own accounting shows that "Disbursements to Receiver or Other Professionals" have hit a staggering \$29,659,130 case-to-date.

EXHIBIT: DE 2224 Standardized Accounting with proof of disbursements to Receiver (Pg. 22)

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STANDARDIZED FUND ACCOUNTING REPORT for PAR FUNDING - Cash Basis
 Receivership; Civil Court Docket No. 20-cv-81205-RAR
 Reporting Period 1/1/2026 to 3/31/2026

Fund Accounting:		Current Period	Prior Period(s)	Case-to-date
		1/1/26 - 3/31/26	7/28/20 - 12/31/25	Total
Line 1	Beginning Balance ⁴ :	\$110,995,703	\$26,446,083	\$26,446,083
<i>Increases in Fund Balance:</i>				
Line 2	Business Receipts	347,550	123,327,155	123,674,705
	Business Receipts - Overpayments	0	(112,365)	(112,365)
Line 3	Cash and Securities		0	0
	Pre-Receiver Cash Transfer	0	14,756,649	14,756,649
	Change in Value of Securities	0	835,461	835,461
Line 4	Interest/Dividend Income	229,405	14,821,635	15,051,040
Line 5	Real Estate Liquidation	450,400	57,135,671	57,586,071
Line 6	Other Asset Liquidation	0	1,924,140	1,924,140
Line 7	Third-Party Litigation Income	0	42,254,310	42,254,310
Line 8	Miscellaneous ³	0	1,540,545	1,540,545
	Total Receipts ²	1,027,355	256,483,201	257,510,556
	Total Funds Available (Lines 1 - 8):	\$112,023,057	\$282,929,284	\$283,956,639
<i>Decreases in Fund Balance:</i>				
Line 9	Disbursements to Investors	95,933,349	113,458,613	209,391,961
Line 10	Disbursements for Receivership Operations:			
Line 10a	Disbursements to Receiver or Other Professionals ³	432,305	29,226,825	29,659,130
Line 10b	Business Asset Expenses			0

They have squeezed nearly \$30 million out of this estate to pay themselves and their network of legal and financial operatives, all while claiming the business they are draining is a fraud!

The Demand

This outrageous misconduct needs to stop immediately. The math proves that the underlying business model was sound, highly profitable, and capable of generating massive cash flow.

The Freedom Fighters of America demand that Par Funding be returned to its rightful operators so it can properly collect its accounts receivable, enforce its guarantees, and protect the value of its assets before the judge approves and rubber stamps discounting hundreds of millions – (90% of the portfolio away).

The ongoing destruction of this business under the guise of "protection" is the real scandal, and it is time the American people saw the math for what it is.