Serving Two Masters: How Can the Lawyer Who Fed the Prosecution Now Defend Par Funding?

The bedrock of the American legal system is the constitutional guarantee to conflict-free, zealous defense counsel under the Sixth Amendment. Yet, in the Eastern District of Pennsylvania, Obama-appointed federal judge Mark Kearney allowed an absurd judicial maneuver to unfold: permitting Douglas Rosenblum (DKR)—a key partner and Co-Chair of the White Collar practice group at Pietragallo Gordon Alfano Bosick & Raspanti LLP, the Receiver, Ryan K. Stumphauzer's co-counsel—to serve as criminal defense counsel for Complete Business Solutions Group (CBSG d/b/a Par Funding).

For six long years, Par Funding and Joseph LaForte have fought a relentless battle against an aggressive SEC receivership. Pietragallo Gordon Alfano Bosick & Raspanti LLP did not just observe that civil war—they led it. Rosenblum's law firm functioned as the primary enforcement arm and legal agents for the court-appointed Receiver, Ryan Stumphauzer, spending years working hand-in-glove with the SEC, the FBI, and the U.S. Attorney's Office (USAO) to dismantle Par Funding from within.

Expecting Rosenblum to step into a criminal courtroom and defend the very corporate entity, his firm billed tens of millions of dollars to liquidate and prosecute which violates every principle of legal ethics, due process, and basic common sense.

The Smear Campaign: Fabricated Claims Used to Liquidate a Viable Company
The Receiver and his counsel did not just throw around the word "Ponzi"—they systematically leveled a laundry list of unproven allegations across thousands of docket entries to justify liquidating and prosecuting a thriving enterprise:

Unprofitability and Insolvency: Claiming Par Funding was a money-losing, unsustainable enterprise.
-Defective Underwriting & Management: Alleging CBSG conducted shoddy due diligence and was recklessly mismanaged.

-Investor Misrepresentations: Asserting that company principals misled the investing public regarding the safety and performance of their MCA portfolio.

-Flawed Accounting Gimmicks: Retaining Bradley Sharp of Development Specialists, Inc. (DSI) to file declarations painting CBSG as insolvent. The Receiver's analysts bungled basic accrual versus cash-basis accounting and failed to properly evaluate the approximately 4 million financial transactions processed by CBSG. When top independent forensic CPAs proved CBSG was profitable year after year, the Receiver sheepishly walked back Sharp's claims as merely "preliminary findings." And as of recently the SEC runs away from the Ponzi narrative against Par Funding. And taking it a step even further, on August 12th, 2026, the SEC senior trial counsel, Brian Lechich filed a notice in federal court dismissing its remaining claims against Par Funding and related entities ***(DE-2234)***. The court entered an Order approving that action on August 14, 2026.

In reality, Par Funding was a booming, legitimate financial engine that employed over 70 staff members, utilized approximately 15 in-house accountants (including seasoned CPAs), and retained top tier outside debt, compliance, and securities counsel. But understanding that business model did not fit the liquidation agenda. The Receiver fired competent staff and pushed for a forced wind-down.

The 521-Hour Paper Trail: Billing Par to Feed the FBI
Publicly filed fee applications prove that Rosenblum (DKR) and his firm logged over 521 hours directly feeding the government's criminal case against their supposed client:
July 30, 2020: Billed for multiple calls with the FBI and SEC coordinating the "collection, preservation, and analysis of documents and computers at Pennsylvania locations."
August 6, 2020: Billed 3.4 hours for physically escorting FBI agents through two Par facilities to obtain records.
August 14 & 17, 2020: Billed for meeting and conferring with the FBI at the N. 3rd Street property regarding document seizures and a "suspected firearm."
September 29, 2020: Billed for answering FBI inquiries into Par's digital accounts, ConvergeHub, and MCA Suite.
November 12–13, 2020: Billed for conference calls with the USAO, DSI, and FBI regarding digital files, culminating in spreadsheets delivered straight to federal prosecutors.
February 19 & 26, 2021: Billed for coordinating with the FBI regarding receivership assets, including boats and a Ferrari.
June 3, 2021: Billed for processing FBI requests for direct access to ConvergeHub.
60.5 Million Reasons to Throw the Defense
To date, the Receiver and his allied professionals have drained an astonishing $60.5 million from Par Funding in fees and expenses.

This creates a massive, insurmountable personal financial conflict. If Rosenblum mounted an aggressive criminal defense, he would have to prove that Par Funding was solvent, well-run, and profitable. But proving that truth destroys the civil receivership's foundational narrative and jeopardizes the tens of millions of dollars in fees they collected. A guilty plea in the criminal case covers up the Receiver's destruction of the business and validates their fee machine on appeal.

The Binding Law That Mandates Disqualification

The motion filed on behalf of the defense outlines clear, binding legal mandates that Judge Kearney ignored:

Wheat v. United States (486 U.S. 153) & United States v. Voigt (89 F.3d 1050): The U.S. Supreme Court and the Third Circuit established that federal courts have an independent institutional duty to ensure proceedings are fair and conflict-free. Under Wheat, a defendant cannot be represented by a lawyer who maintains an ongoing relationship with the prosecution.

Pa. RPC 1.7 & ABA Model Rule 1.7 (Concurrent Conflicts of Interest): Counsel is strictly barred from representing an entity when their loyalties are divided by obligations to a third party (the SEC Receiver) or by their own financial interests.

Pa. RPC 1.10 (Imputation of Conflicts): Conflicts taint the entire firm; what bars one partner at Pietragallo bars every partner at Pietragallo, including Rosenblum.

Pa. RPC 3.7 & United States v. Merlino (349 F.3d 144) (Advocate-Witness Rule): Lawyers who interviewed key witnesses and gathered evidence cannot serve as trial counsel when they are likely to be called as material witnesses.

Appointing the very law firm that served as the government's private investigator to run Par Funding's criminal defense makes a mockery of the Sixth Amendment. An attorney cannot serve the prosecution by day, pocket tens of millions from the liquidation by night, and pretend to defend the target in court.

As of recent filings, the Receiver has still not resolved the criminal aspect of this case. It has been over 17 months since LaForte was sentenced in the same court. What is the delay for the corporate entity to be sentenced? The answer is as simple as it is sad - extending the billing cycle so Douglas Rosenblum and his assistants at Pietragallo, Gordon, Alfano, Bosick & Raspanti LLP can keep billing for an additional six quarters when this is a lot simpler than sentencing a human being. When a human being gets sentenced it requires an extensive PSR report and potential jail time. Last time we looked you cannot send a corporation to jail. So, the delay is a reckless, coordinated billing strategy by all these co-conspirators to make sure that the estate has not a single penny left and that more funds go into the Receivers pocket.