THE BILLING CARTEL: How the Estate is Being Pillaged in the Shadows

By The Freedom Fighters

For six years, the court-appointed receiver and his army of lawyers have treated the estate as an endless slush fund. But suddenly, the transparency has vanished. Since February of 2026, the public docket has gone dark. Two full quarters of billing are being hidden from the public eye. What are they afraid of? They know the Freedom Fighters are watching, and they know their actions—specifically in DE-2199 (the Twenty-Second Application for Fees)—amount to a brazen pillaging of the estate.

The mandate of a federal equity receiver is simple: function as a neutral custodian of the court to preserve assets. Instead, this group has abandoned their fiduciary duties to play prosecutors, draining the estate's cash while targeting Joseph LaForte and Lisa McElhone at any cost. We are pulling back the curtain on the fraud, the waste, and the abuse of power.

1. Playing Prosecutor on the Estate's Dime
A receiver is an officer of the court, an impartial entity meant to manage property—not an Assistant United States Attorney (AUSA). Yet, the billing records show the Receiver and his firm charging to act as a "prosecutor."

Why is the Receiver billing the estate to revise the government's sentencing memorandum for Lisa McElhone days after her October 23, 2025, sentencing? Under basic federal receivership law, a receiver is strictly an "indifferent person" whose functions are limited to the care and management of property pending suit. Prosecuting defendants and writing criminal briefs is the AUSA's job.

The Evidence: Revising the Sentencing Memo

Exhibit: Billing entries showing the revision of the sentencing memorandum for the AUSA days after the 10/23/2025 sentencing.

10/29/2025	GJA	REVIEWING, REVISING MCELHONE SENTENCING MEMO	0.40	395.00	158.00
10/29/2025	TMB	REVISE LISA MCELHONE SENTENCING HEARING MEMO	0.40	295.00	118.00
11/3/2025	TMB	REVISE LISA MCELHONE SENTENCING HEARING MEMO	0.20	295.00	59.00

The Evidence: Attending the Sentencing

Exhibit: Billing entries showing professionals charging the estate to attend Ms. McElhone's sentencing.

10/23/2025	TMB	ATTEND SENTENCING HEARING OF LISA MCELHONE; PREPARING MEMORANDUM OF HEARING	8.10	295.00	2,389.50
10/23/2025	TMB	CORRESPONDENCE WITH DKR AND GJA RE: LISA MCELHONE SENTENCING AND REASONING	0.10	295.00	29.50
10/24/2025	DKR	CORRESPONDENCE RE: SENTENCING HEARING OF L. MCELHONE	0.10	395.00	39.50

2. The Duplication Game: Triple and Quadruple Billing

The SEC Billing Instructions for Receivers in Civil Actions mandate that all time records must clearly demonstrate the necessity and benefit to the estate, strictly prohibiting unreasonable duplication of effort. Sending a gaggle of lawyers to attend every unnecessary hearing is a blatant violation of the requirement that all interim applications for compensation undergo a strict cost-benefit review.

The Evidence: Duplicative Billing

Exhibit: Billing entries demonstrating multiple attorneys billing for identical tasks, meetings, or hearings.

Service	TAK	10/23/2025	Case Administration: Emails and follow up regarding report from sentencing of L. McElhone.	0.40	$395.00	$158.00
Service	TAK	11/03/2025	Case Administration: Review of sentencing memorandums regarding sentencing of Kenneth Bacon and sentencing of Lisa McElhone.	0.30	$395.00	$118.50

10/29/2025	GJA	REVIEWING, REVISING MCELHONE SENTENCING MEMO	0.40	395.00	158.00
10/29/2025	TMB	REVISE LISA MCELHONE SENTENCING HEARING MEMO	0.40	295.00	118.00
11/3/2025	DKR	CONFERRING WITH TMB RE: SENTENCING OF L. MCELHONE	0.10	395.00	39.50
11/3/2025	DKR	REVIEWING DETAILED MEMORANDUM FROM TMB RE: SENTENCING HEARING FOR L. MCELHONE	1.00	395.00	395.00
11/3/2025	TMB	REVISE LISA MCELHONE SENTENCING HEARING MEMO	0.20	295.00	59.00
11/13/2025	DKR	CONFERRING WITH GOVERNMENT RE: L. MCELHONE'S SENTENCING AND POTENTIAL WITNESS WHO DID NOT TESTIFY AT HEARING	0.20	395.00	79.00
12/11/2025	DKR	TELEPHONE CONFERENCE WITH INVESTOR J. GUSTAITIS RE: STATUS OF SECOND DISTRIBUTION AND SENTENCING OF L. MCELHONE; DRAFTING CORRESPONDENCE TO RECEIVER RE: SAME	0.30	395.00	118.50

The most egregious example of this is a single internal Zoom meeting on December 9, 2025, which was billed fully by four separate high-level professionals, all at their partner rate of $395.00/hour:

-**Ryan K. Stumphauzer (Receiver): 2.80 hours ($1,106.00) for "Zoom conference with Kolaya, Alfano, Frey and Shoup to discuss operational matters...".**
-Timothy Kolaya (Co-Counsel): 2.80 hours ($1,106.00) for "Zoom conference with Stumphauzer, Alfano, Frey, Bogen, and Shoup...".
-Gaetan J. Alfano (Co-Counsel): 2.80 hours ($1,106.00) for "ZOOM MEETING WITH RECEIVER, DSI, T. KOLAYA, JK REGARDING STATUS...".
-John W. Kettering (Co-Counsel): 2.80 hours ($1,106.00) for "ATTEND

OPERATIONS MEETING WITH RYAN STUMPHAUZER, YALE BOGEN, GJA, AND TIM KOLAYA...".

Result: A single 2.8-hour internal meeting cost the receivership estate $4,424.00.

This is just one example of the rampant practice the receiver has incorporated into his daily activity. The list of entries that violate the rules governing lawyers and receivers is too vast to put into this piece. Combine this practice over 6 years and 24 billing quarters and you have tens of thousands of billing entries that contain this behavior.

3. Nickeled and Dimed: Making the Estate Buy the Newspaper
As if the millions in legal fees were not enough, they are charging the estate to buy the Philadelphia Inquirer for $8.85 and $5.90 to read about their own media coverage. Federal billing guidelines dictate that expenses must be actual, necessary, and reasonable, and prohibit charging estates for general firm overhead. If a multi-million-dollar law firm wants to read the morning paper, they can pay for it themselves.

The Evidence: Charging the Estate for the Press

Exhibit: Billing entries showing the purchase of the Philadelphia Inquirer and time billed to read media coverage.

12/30/2025	WAWA INVOICE DATED 11/25/25 COPY OF THE INQUIRER	E999 / OTHERH	1.00	5.90	5.90
12/30/2025	CVS INVOICE DATED 11/25/25 COPY OF THE INQUIRER	E999 / OTHERH	1.00	8.85	8.85

The Watchdogs the Court Failed to Be
For years, Judge Rodolfo Ruiz and the SEC have turned a blind eye to this financial abuse. Not a single billing entry submitted by Receiver Ryan Stumphauzer has been challenged by the very institutions meant to oversee this process. The oversight system is broken, allowing this cartel to rubber-stamp their own paychecks at the expense of the estate.

Since Judge Ruiz and the SEC refuse to do their jobs, the Freedom Fighters will do it for them. We are taking a fine-tooth comb to every single invoice.

The Demand for Accountability

There are millions of dollars that rightfully belong to the estate, yet the squandering continues. The Receiver has completely lost sight of his mandate. The Freedom Fighters demand immediate action:

Unseal the Billing: Release the last two quarters of fee applications immediately.

We have only just begun to comb through these records. The truth is coming out, and the days of unchecked feasting on the estate are over.