

Was Joseph LaForte an Alchemists or Just a Successful Businessman?

They say numbers do not lie. But when the government gets involved, numbers seem to lose all meaning.

We have spent months showing you undeniable forensic evidence. We have shared the detailed reports from Joel Glick and David Dunkelberger—top-tier forensic accountants who produced the highest level of financial analysis. Their reports prove, beyond a shadow of a doubt, that the government's math is fantasy. But those reports are dense, complex, and frankly, too honest for the courts to acknowledge.

So today, we are not going to use the Par Funding experts. We are not going to use Glick or Dunkelberger. We are not even going to use Par's internal data.

We are going to use the SEC and AUSA's own "expert" against them.

We are going to simplify this nonsensical math using the sworn testimony of Melissa Davis, the government's hand-picked financial witness. Why? Because even she could not hide the massive success of this company under oath during deposition.

For years, the SEC, the Receivership, Judge Ruiz (US District Court for the Southern District of Florida), Judge Kearney (US District Court for the Eastern District of PA), and the AUSA have painted Joseph LaForte and Par Funding as a criminal enterprise. They have thrown around words like "RICO" and "unprofitable," trying to convince the world that this business was a house of cards.

But when you look at the government's own evidence and do simple math, you are left with only two possible conclusions:

1. **Joseph LaForte is a magical Alchemist who can conjure gold out of thin air.**

OR

2. **Par Funding was a wildly profitable machine that the government destroyed on purpose.**

Let us look at the math they tried to bury.

The "Expert" Confession: \$1.362 BILLION

The SEC's entire case relies on painting a picture of failure. But their own financial expert, Melissa Davis, testified under oath to something quite different.

In her deposition, Davis confirmed—not once, not twice, but three times—that **the cash Par Funding received from its merchants (the hardworking small businesses Par funded) totaled \$1.362 Billion**

That is real money. That is cash in the door. That is a successful business model in action. See the proof for yourself below:

EXHIBIT – Deposition of Melissa Davis 9/8/2021 pg. 55 (Lines 1-25) confirming cash received from Merchants/ Par clients totaled \$1.362 Billion:

Melissa Davis
9/8/2021

<p>1 gave concerning the question that you asked. 2 BY MR. SOTO: 3 Q. You can answer, Ms. Davis. 4 A. Can you repeat the question? 5 Q. I've asked it, and you've -- your answer 6 is clear. 7 Let's turn to PDF page 18. 8 A. Okay. 9 Q. It's paragraph 41. I think we're there. 10 You acknowledge in paragraph 41 that you 11 utilized the data from MCA Suites as opposed to the 12 data from QuickBooks and the deposit logs to conduct 13 your cash profitability analysis of merchant 14 activity, correct? 15 A. I used the MCA Suites data to prepare the 16 MCA cash database which I -- which I then used to 17 calculate the merchant cash advance, the MCA 18 merchant receivable profitability analysis, yes. 19 Q. Let's go to PDF page 34, table 2. Okay. 20 So your cash reconstruction for merchant 21 activity appears in this table, correct? 22 A. This is the cash reconstruction based on 23 QuickBooks. 24 Q. Okay. Do you have a cash reconstruction 25 based on MCA Suites?</p> <p>53</p>	<p>1 it correctly, you determined that \$1.362 billion, 2 roughly, of MCA receipts were recorded? 3 A. They were -- yes, they were monies from 4 joint funders and from MCA clients, yes. 5 Q. In that amount, \$1.362 billion? 6 A. Yes. 7 Q. Okay. And roughly \$1.322 billion of 8 disbursements were made to merchants, correct? 9 A. Or to joint funders. 10 Q. So let's go to Exhibit K of your report. 11 It's Exhibit 152, for the record, at PDF page 103. 12 MR. SOTO: Blow that up a little bit. A 13 little more, and just -- okay. 14 BY MR. SOTO: 15 Q. So I want to make sure I understand 16 Exhibit K to your report. 17 This is your MCA cash database created 18 from the MCA Suites, correct? 19 A. Correct. 20 Q. Okay. And that database at Column D gave 21 you total cash repayments of \$1.13 billion, 22 approximately? 23 A. Yes. 24 Q. And so these are essentially cash receipts 25 from merchant cash advance activity?</p> <p>55</p>
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EXHIBIT – Deposition of Melissa Davis 9/8/2021 pg. 57 (Lines 18-25) second confirmation that cash received from Merchants/ Par clients received \$1.362 Billion.

**Melissa Davis
9/8/2021**

<p>1 your MCA Suites reconstruction. 2 A. Oh, yes. I compared the two data sources, 3 yes, I did. 4 Q. Did you conduct a reconciliation of the 5 two? 6 A. Well, it's not possible to do that because 7 the transactions in QuickBooks, some of the merchant 8 transactions are not categorized for a particular 9 merchant advance deal. Early on, they didn't 10 account for it in that manner. So it's not possible 11 to compare the -- you know, the -- each individual 12 transaction because QuickBooks doesn't contain the 13 same level of detail as MCA Suites. But, you know, 14 I compared it on an overall basis and was 15 comfortable, you know, that I could rely on the MCA 16 Suites data for purposes of analyzing the 17 profitability. 18 Q. So I want to go back to PDF page 34 for a 19 minute and look at the receipts for merchant 20 activity referenced in QuickBooks. 21 So as you testified earlier, the receipts 22 for merchant activity in QuickBooks totaled 23 \$1.362 billion, right? 24 A. Yeah, that includes transactions with 25 joint funders and MCA clients.</p> <p style="text-align: center;">57</p>	<p>1 fundings, you tallied them and you arrived at the 2 difference here of \$231 million? 3 A. Approximately. It was very close, yes. 4 Q. Okay. And the same holds true for the 5 disbursements. There's a difference between the MCA 6 receipts and -- I'm sorry, the MCA Suites table at 7 Exhibit K and your table 2 of about \$240 million. 8 What accounted for that difference? 9 A. It's the same thing, it's just the other 10 side of the transaction. So QuickBooks contains a 11 lot of transactions with joint funders that are not 12 reflected in MCA Suites. 13 Q. Okay. So you accounted for the difference 14 based on your testimony is joint funders that 15 weren't -- 16 A. Well, yeah, there's probably variances, 17 you know, between the QuickBooks and MCA Suites for 18 certain MCA deals. That wouldn't surprise me. In 19 total, my -- in total, my difference is only 20 about -- I think it's less than \$10 million on -- on 21 a net basis, so -- but a large majority of the 22 difference is because of the joint funding 23 transactions. 24 Q. All right. So let's go to your report at 25 table 10, which is PDF page 46.</p> <p style="text-align: center;">59</p>
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EXHIBIT – Deposition of Melissa Davis 9/8/2021 pg. 65 (Lines 22-25) third confirmation that cash received from Merchants/ Par clients totaled \$1.362 Billion:

Melissa Davis
9/8/2021

<p>1 net cash activity in the QuickBooks reconstruction. 2 Q. Okay. Ms. Davis, I'm not asking -- thank 3 you for that. 4 I'm not asking about the net cash 5 activity. I'm talking about the difference between 6 disbursements or advances using the QuickBooks data 7 and disbursements and advances using the MCA Suites 8 database. It's in your report. 9 MS. BERLIN: Objection as to form. 10 A. Okay. 11 BY MR. SOTO: 12 Q. What was that difference? 13 A. You'll have to show me the charts and ask 14 me the questions that you've already asked me. I'm 15 happy to walk through it again. 16 Q. Let's go back to table 2. It's at PDF 17 page 34. Okay. 18 So cash reconstruction by category: Table 19 2 reflects your summary of the QuickBooks data, your 20 cash analysis using QuickBooks, correct? 21 A. That's correct. 22 Q. Okay. And you -- you show here in table 2 23 total MCA activity under the column receipts of 24 \$1.362 billion, right? 25 A. That's correct.</p>	<p>1 \$10 million. 2 Q. Okay. And again, I'm not asking about the 3 net variance. 4 And regardless of the reasons, whether 5 joint funders or other reasons, you agree that the 6 difference between the receipts in table 2 and the 7 receipts from merchant activity in -- in Exhibit K 8 to your report are roughly \$231 million apart? 9 A. Well, you can't compare -- you have to -- 10 on table 2, I think it's table 2, there are two 11 different components that make up the subtotal of 12 merchant cash activity. One includes the joint 13 funding amount, and the other includes, I think -- I 14 think it says MCA client amounts. 15 So you're kind of comparing apples and 16 oranges because the MCA Suites database doesn't 17 include the joint funding activity. 18 Q. Okay. Let's -- let's go back to table 10. 19 A. Okay. 20 Q. Okay. So you've got actual net cash 21 inflow from merchant advances per MCA Suites in the 22 first column, correct? 23 A. Yes. 24 Q. Okay. And you've got -- in the second and 25 third columns you've got interest paid and business</p>
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The Cost of Doing Business: \$550 Million

Now, every business has costs. You must spend money to make money. In the lending world, your "cost" is the capital you raise from investors to lend out.

So, how much capital did Par Funding raise over its entire life? According to Judge Ruiz's own order, **the total amount raised was \$550,325,596.**

Here is Judge Ruiz admitting it in black and white:

EXHIBIT – Document 2065 11/18/2024 SECOND AMENDED ORDER GRANTING IN PART PLAINTIFF’S AMENDED OMNIBUS MOTION FOR FINAL JUDGMENT Page 17 - Judge Ruiz confirms the total amount Par raised over the life of the company was \$550,325,596.

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QuickBooks figures that both the SEC and Defendants’ expert¹⁰ reports relied on; and were produced after the close of discovery in this case. Reply at 4–5; Disgorgement Hr’g at 14:5–16:4. These facts make it uncertain at best as to whether the Quarterly Status Report and PF Cash Summary provide a “more reliable” snapshot of Par Funding’s finances than the Receiver’s Declaration and SEC Expert Report. Because binding caselaw in this Circuit compels resolution of uncertainty against the defrauding party, the Court will begin its disgorgement analysis with the SEC’s figure. *Calvo*, 378 F.3d at 1217; *see also SEC v. Owings Group, LLC*, No. RDB-18-2046, 2021 WL 1909606, at *4 (D. Md. May 12, 2021).

Using the SEC’s starting figure, the Court now turns to McElhone and Laforte’s arguments for deductions from the total sum of \$250,217,479. The Court arrives at this number by subtracting the total amount the company repaid to investors, including the Agent Funds (\$300,108,117), from the total sum that Par Funding raised from investors (\$550,325,596). *See* Receiver’s Decl. ¶¶ 6–7.

The \$812 Million "Delta"

Now, we are going to do the math that the SEC and AUSA refused to do.

It is simple mathematics:

Money In (From Merchants): \$1,362,000,000

Money Raised (From Investors): \$550,000,000

THE DIFFERENCE: +\$812,000,000

That is a positive delta of \$812 Million. In the real world, we call that GROSS PROFIT.

Think about that for a second. The company brought in nearly a billion dollars more than it took to run the capital side of the business. And do not forget, even the noteholders were accounted for. Davis confirmed the amount owed to Noteholders was \$388 Million.

EXHIBIT – Deposition of Melissa Davis 9/8/2021 pg. 278 (Lines 5-14) confirmation that the amount owed to Par’s Noteholders was \$388 Million

<p>1 investors about 388 million and joint funders about 2 22.6 million. 3 Do you see that? 4 A. Yes. 5 Q. Okay. And the question for you is 6 directly a follow-up of a question that Mr. Soto 7 asked you a few moments ago, and that is -- and that 8 is this: Did you determine how much of that 9 essentially 388 million was due today or due over 10 the course of seven years pursuant to notes that 11 those investors and funders had contracted with Par? 12 A. No, I did not. I -- I only considered 13 this -- just the total amounts due as of July 27, 14 2020. 15 Q. Okay. And so you're basically building 16 into this assumption in paragraph 124 that that 17 money is due basically tomorrow, right? 18 A. Well, what I'm doing is -- excuse me, 19 What I'm doing is comparing the amount of accounts 20 receivable that is available as of July 27, 2020 to 21 fund those obligations. 22 Q. Yeah, but those obligations are 23 currently -- excuse me. Finish -- finish your 24 answer, Ms. Davis. 25 A. Yeah, I didn't consider if those</p> <p style="text-align: center;">278</p>	<p>1 to the investors and the joint funders as of the 2 date of July 27, 2020. 3 Q. I understand. Let me ask you this 4 question, Ms. Davis, okay? Take a person, call 5 it -- call her Mrs. X. And Mrs. X has a job that 6 pays her a hundred thousand dollars a year, okay? 7 And Ms. X has a mortgage of \$350,000 that's due over 8 30 years. 9 Do you analyze Mrs. X's finances by 10 whether -- by whether on a date certain that her job 11 stops and whatever receivables she has on a date 12 certain that's got to cover her mortgage over the 13 next 30 years and without any consideration of 14 future income by Mrs. X? Is that how you analyze a 15 person's financial wherewithal? 16 MS. BERLIN: I object to the form of the 17 question. 18 BY MR. FUTERFAS: 19 Q. You can answer the question, Ms. Davis. 20 A. Yeah, I mean, I just -- I can't answer 21 that question because there's just not enough 22 information to answer that question. But I can tell 23 you that what I did in this paragraph and in this 24 analysis is compared the amount of accounts 25 receivable as of July 27, 2020 to the amount that</p> <p style="text-align: center;">280</p>
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**GRADILLAS COURT REPORTERS
(424) 239-2800**

In the exchange above during the Melissa Davis deposition, she admits that she considered that all the money due to the merchants was due and payable on July 27, 2020 without taking into account that the \$388 Million that the PPM managers were owed was due and payable over 7 years! This was a deliberate deception and the basis for her corrupt reports. Think about it like this- how many businesses or Americans who have debt in the form of Mortgage, or corporate finance could pay it all back on any random day that has no meaning except for a date that Melissa Davis made up which was July 27, 2020.

Imagine Mr. Jones has a \$1 Million Mortgage and receives a phone call from the bank saying, "Mr. Jones we are no longer honoring your 30 year mortgage-it is due tomorrow."

That is essentially how Melissa Davis proved (that Par Funding was insolvent) by making up a random date without considering that the Notes were 7 years!

Apple, GM, no business in the world would be able to pay back their financial debt if the terms of the debt were completely ignored and random dates were made up by an adverse party.

The Impossible "Crime"

So, here is the question for the "geniuses" at the SEC, AUSA and the courts:

How does a company that generates an \$800 MILLION surplus get labeled a "criminal enterprise"?

How do you call a business "unprofitable" when it brings in almost triple what it raises? If the SEC is right, and this was a scam, then Joseph LaForte must be an Alchemist. He must have wizard powers to generate \$1.3 Billion in cash receipts. Where did the money come from?

But if he is not a wizard, then the only other explanation is that Par Funding worked. It was a powerhouse. It was doing exactly what it was designed to do—funding American businesses and generating massive returns.

*****THIS IS VERY IMPORTANT TO OUR READERS!**

The government could not beat Par Funding on the scoreboard, so they burned down the stadium. They ignored the \$1.362 Billion in revenue to sell a lie to the public and made up arbitrary dates to call all its Notes due and payable on July 27, 2020, the day of the FBI raids. This is not rooted in reality nor contract law that they purposely ignored this because they are the SEC. They had a case to bring! Davis created the Ponzi Scheme narrative and the foundation of her lie in order to convict Par and LaForte.

Pg. 278 (Lines 5-25), Pg. 279 (Lines 1-25), Pg. 280 (Lines 1-25), Pg. 281 (Lines 1-25), Pg. 282 (Lines 8/25), Pg. 283 (Lines 1-25), Pg. 284 (Lines 1-25), Pg. 285 (Lines 1-25), Pg. 286 (Lines 1-25), Pg. 287 (Lines 1-17)

<p>1 investors about 366 million and joint funders about 2 22.6 million. 3 Do you see that? 4 A. Yes. 5 Q. Okay. And the question for you is 6 directly a follow-up of a question that Mr. Soto 7 asked you a few moments ago, and that is -- and that 8 is this: Did you determine how much of that 9 essentially 388 million was due today or due over 10 the course of seven years pursuant to notes that 11 those investors and funders had contracted with Par? 12 A. No, I did not. I -- I only considered 13 this -- just the total amounts due as of July 27, 14 2020. 15 Q. Okay. And so you're basically building 16 into this assumption in paragraph 124 that that 17 money is due basically tomorrow, right? 18 A. Well, what I'm doing is -- excuse me. 19 What I'm doing is comparing the amount of accounts 20 receivable that is available as of July 27, 2020 to 21 fund those obligations. 22 Q. Yeah, but those obligations are 23 currently -- excuse me. Finish -- finish your 24 answer, Ms. Davis. 25 A. Yeah, I didn't consider if those</p> <p>278</p>	<p>1 to the investors and the joint funders as of the 2 date of July 27, 2020. 3 Q. I understand. Let me ask you this 4 question, Ms. Davis, okay? Take a person, call 5 it -- call her Mrs. X. And Mrs. X has a job that 6 pays her a hundred thousand dollars a year, okay? 7 And Ms. X has a mortgage of \$350,000 that's due over 8 30 years. 9 Do you analyze Mrs. X's finances by 10 whether -- by whether on a date certain that her job 11 stops and whatever receivables she has on a date 12 certain that's got to cover her mortgage over the 13 next 30 years and without any consideration of 14 future income by Mrs. X? Is that how you analyze a 15 person's financial wherewithal? 16 MS. BERLIN: I object to the form of the 17 question. 18 BY MR. FUTERFAS: 19 Q. You can answer the question, Ms. Davis. 20 A. Yeah, I mean, I just -- I can't answer 21 that question because there's just not enough 22 information to answer that question. But I can tell 23 you that what I did in this paragraph and in this 24 analysis is compared the amount of accounts 25 receivable as of July 27, 2020 to the amount that</p> <p>280</p>
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1 look at Mr. Glick's expert report, but I don't think
2 it matched that date that you mentioned, Counsel. I
3 think it was a declaration. I just want to make
4 that distinction.
5 And I don't recall what he specifically
6 did in the reports.
7 BY MR. FUTERFAS:
8 Q. Did you -- did your analysis agree with
9 his analysis that the overall blended factor rate
10 that Par achieved was about 1.339?
11 MS. BERLIN: Objection to the form.
12 THE WITNESS: Excuse me.
13 A. No, no, I don't agree with that.
14 BY MR. FUTERFAS:
15 Q. Okay. The second thing I would like to do
16 is turn you, if I could, and maybe Mr. Soto --
17 Ms. Chery Lucien could help me. If I could just
18 direct your attention to paragraph 124 of your
19 report.
20 Okay. Do you see that paragraph there?
21 A. Yes.
22 Q. Okay. The question I have for you -- I
23 have a couple questions about this paragraph, okay?
24 Now, in this paragraph, it talks about
25 amounts owed to investors and joint funders,

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1 obligations were due in one day or 20 days or three
2 years. It was just a comparison.
3 Q. So -- so to be clear, you said, was there
4 money cash on hand today or as of July 27th to fund
5 obligations that extend seven years.
6 Is that your testimony?
7 MS. BERLIN: Object to form.
8 THE WITNESS: Excuse me.
9 A. What I said was the accounts receivable on
10 hand. It wasn't cash.
11 BY MR. FUTERFAS:
12 Q. Right.
13 A. That was the point.
14 Q. Accounts receivable on hand on July 27,
15 '21 -- 2020, excuse me, but to fund or to -- to fund
16 debt that's not due for a period of seven years;
17 isn't that correct?
18 A. I don't know when the debt was due.
19 Q. Well, okay. That's exactly right. You
20 did not analyze of that 388 million when that debt
21 was due and what the interest rate was on that debt
22 over the next seven years, did you?
23 A. The only thing I -- I analyzed, as I
24 stated was, I compared the amount of accounts
25 receivable as compared to the amounts that were owed

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1 investors about 366 million and joint funders about
2 22.6 million.
3 Do you see that?
4 A. Yes.
5 Q. Okay. And the question for you is
6 directly a follow-up of a question that Mr. Soto
7 asked you a few moments ago, and that is -- and that
8 is this: Did you determine how much of that
9 essentially 388 million was due today or due over
10 the course of seven years pursuant to notes that
11 those investors and funders had contracted with Par?
12 A. No, I did not. I -- I only considered
13 this -- just the total amounts due as of July 27,
14 2020.
15 Q. Okay. And so you're basically building
16 into this assumption in paragraph 124 that that
17 money is due basically tomorrow, right?
18 A. Well, what I'm doing is -- excuse me.
19 What I'm doing is comparing the amount of accounts
20 receivable that is available as of July 27, 2020 to
21 fund those obligations.
22 Q. Yeah, but those obligations are
23 currently -- excuse me. Finish -- finish your
24 answer, Ms. Davis.
25 A. Yeah, I didn't consider if those

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1 to the investors and the joint funders as of the
2 date of July 27, 2020.
3 Q. I understand. Let me ask you this
4 question, Ms. Davis, okay? Take a person, call
5 it -- call her Mrs. X. And Mrs. X has a job that
6 pays her a hundred thousand dollars a year, okay?
7 And Mrs. X has a mortgage of \$350,000 that's due over
8 30 years.
9 Do you analyze Mrs. X's finances by
10 whether -- by whether on a date certain that her job
11 stops and whatever receivables she has on a date
12 certain that's got to cover her mortgage over the
13 next 30 years and without any consideration of
14 future income by Mrs. X? Is that how you analyze a
15 person's financial wherewithal?
16 MS. BERLIN: I object to the form of the
17 question.
18 BY MR. FUTERFAS:
19 Q. You can answer the question, Ms. Davis.
20 A. Yeah, I mean, I just -- I can't answer
21 that question because there's just not enough
22 information to answer that question. But I can tell
23 you that what I did in this paragraph and in this
24 analysis is compared the amount of accounts
25 receivable as of July 27, 2020 to the amount that

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1 was recorded as being due to the investors and the
2 joint funders as of the same date.
3 Q. Yes, but -- but --
4 A. That's all this data is.
5 Q. But Ms. Davis, what if that analysis is
6 wrong because what if the people, those investors
7 are not due that money on July 27th, they're
8 actually due it over seven years at varying interest
9 rates? Then your analysis is incorrect, correct?
10 MS. BERLIN: I object to the form of the
11 question.
12 A. Okay. Well -- well, the analysis that
13 you're talking about is not an analysis that I
14 conducted. The analysis that I conducted was a
15 comparison of the accounts receivable and the
16 amounts due to the investors and joint funders as of
17 July 27, 2020.
18 BY MR. FUTERFAS:
19 Q. But if those amount due the investors,
20 388 million, was not due for seven years, you
21 effectively just brought it as if that \$388 million
22 was due the day after July 27th, like due on
23 July 28th; isn't that correct?
24 MS. BERLIN: Objection to the form of the
25 question. I believe it's been asked and

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1 next seven years, the same period of time that it
2 owed that money to investors; is that correct?
3 A. The analysis that I conducted was a
4 comparison of the accounts receivable and the
5 amounts due to the investors and the joint funders
6 as of July 27, 2020.
7 Q. Okay. So I'm going to ask it a third time
8 because I think you're smart enough to give me an
9 answer.
10 You made no revenue projection of Par for
11 the next seven years, yes or no?
12 MS. BERLIN: I object to the form of the
13 question. I believe it's been asked and
14 answered and is harassing the witness.
15 MR. FUTERFAS: It's not. I'm waiting for
16 a no because we know what the answer is.
17 BY MR. FUTERFAS:
18 Q. I'm asking you, did you do a revenue
19 projection of Par over the next seven years, yes or
20 no?
21 A. No.
22 Q. Let me ask you this, Ms. Davis: Have you
23 done work for companies, public companies before?
24 A. Yes.
25 Q. Okay. If you're analyzing Ford Motor

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1 answered.
2 MR. FUTERFAS: I think she's already
3 answered it. I'll move on to the next
4 question.
5 MS. BERLIN: I was just objecting. I was
6 going to say asked and answered, and it's
7 getting to be harassing.
8 MR. FUTERFAS: I'm going to move on to the
9 next question.
10 BY MR. FUTERFAS:
11 Q. Did you conduct an analysis of -- of the
12 cash flows -- excuse me. Did you conduct an
13 analysis, a -- a projection of the revenue of Par
14 over the next seven years from 2021 to 2026 or 2027
15 during the period of time those notes were actually
16 due? Did you do that?
17 MS. BERLIN: Objection to the form of the
18 question.
19 A. The analysis that I conducted was a
20 comparison of the accounts receivable and the
21 amounts due to the investors and the joint funders
22 as of July 27, 2020.
23 BY MR. FUTERFAS:
24 Q. So the answer -- the short answer is no,
25 you made no projection of revenue by Par over the

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1 Company and whether Ford Motor Company -- the
2 financial wherewithal of Ford Motor Company, would
3 you create analysis where that analysis assumes that
4 on a date certain, like July 27, 2020, Ford Motor
5 will sell no further cars, Ford Motor will have no
6 further revenue, and all debt that Ford Motor has is
7 going to be advanced to July 28, 2020? Would you
8 ever do that analysis?
9 A. It depends on the purpose.
10 MS. BERLIN: Object to the form.
11 THE WITNESS: Excuse me.
12 MS. BERLIN: That's okay. I object to the
13 form of the question.
14 I'm sorry, Ms. Davis.
15 A. It depends on the purpose of the analysis.
16 I -- I would need to, you know, understand exactly
17 what analysis I'd be asked to prepare, and then I
18 would be able to answer a question about what
19 components I would need to analyze.
20 BY MR. FUTERFAS:
21 Q. Well -- well, in determining whether Ford
22 Motor Company under that very simple hypothetical is
23 a -- is a solid ongoing business, okay, and
24 determining the general performance of Ford Motor,
25 would you engage in an analysis where you assumed it

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1 was recorded as being due to the investors and the
2 joint funders as of the same date.
3 Q. Yes, but -- but --
4 A. That's all this data is.
5 Q. But Ms. Davis, what if that analysis is
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18 question.
19 A. The analysis that I conducted was a
20 comparison of the accounts receivable and the
21 amounts due to the investors and the joint funders
22 as of July 27, 2020.
23 BY MR. FUTERFAS:
24 Q. So the answer -- the short answer is no,
25 you made no projection of revenue by Par over the

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1 Company and whether Ford Motor Company -- the
2 financial wherewithal of Ford Motor Company, would
3 you create analysis where that analysis assumes that
4 on a date certain, like July 27, 2020, Ford Motor
5 will sell no further cars, Ford Motor will have no
6 further revenue, and all debt that Ford Motor has is
7 going to be advanced to July 28, 2020? Would you
8 ever do that analysis?
9 A. It depends on the purpose.
10 MS. BERLIN: Object to the form.
11 THE WITNESS: Excuse me,
12 MS. BERLIN: That's okay. I object to the
13 form of the question.
14 I'm sorry, Ms. Davis,
15 A. It depends on the purpose of the analysis.
16 I -- I would need to, you know, understand exactly
17 what analysis I'd be asked to prepare, and then I
18 would be able to answer a question about what
19 components I would need to analyze.
20 BY MR. FUTERFAS:
21 Q. Well -- well, in determining whether Ford
22 Motor Company under that very simple hypothetical is
23 a -- is a solid ongoing business, okay, and
24 determining the general performance of Ford Motor,
25 would you engage in an analysis where you assumed it

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1 would sell no further cars, have no further revenue,
2 and all of its outstanding debt would be due and
3 payable immediately? Very simple, yes or no?
4 MS. BERLIN: I object to the form of the
5 question.
6 A. I'm not sure that I understand your
7 question. I don't understand what analysis you're
8 asking me to prepare or consider for Ford, so I just
9 don't know how to answer your question.
10 BY MR. FUTERFAS:
11 Q. I'm asking you if you were doing an
12 analysis of the performance of an ongoing
13 business -- I'll ask it for the third time, very
14 simple question. You're a seasoned accountant.
15 You're doing an analysis of the performance of an
16 ongoing business.
17 Would you assume that on a date certain --
18 and we're talking the example of Ford Motor -- on a
19 date certain, call it tonight. At midnight tonight,
20 Ford Motor will sell no further cars, it will have
21 no further revenue, and all of its outstanding debt
22 will be advanced due in full tomorrow.
23 Would you conduct that analysis on Ford
24 Motor under those circumstances?
25 MS. BERLIN: I object to the form of the

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1 question.
2 A. Do you mean like an evaluation scenario to
3 value the -- to determine what the value of Ford
4 Motor Company is?
5 BY MR. FUTERFAS:
6 Q. The -- how about the -- not only the value
7 of the company, but the ongoing performance and
8 ongoing business capability of that company.
9 A. So if you're -- if you're preparing a
10 valuation of a company, that does consider future
11 business operations. So if I was asked to prepare a
12 valuation of Ford Motor Company, I would not assume
13 that everything was liquidated, you know, on -- on
14 day one.
15 Q. That's effectively what you did in this
16 analysis in paragraph 24, though, isn't it?
17 You assumed that the company would have no
18 additional operating revenue, you assumed that the
19 company would -- would basically sell no further
20 cars or no further money, and you assumed that all
21 of its outstanding debt would be immediately due and
22 payable.
23 Isn't that what you did in paragraph 124?
24 MS. BERLIN: Objection to the form of the
25 question.

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1 A. So what the -- the objective of paragraph
2 124 in the analysis was a comparison of the amount
3 of accounts receivable available as of July 27, 2020
4 as compared to the amount owed to the investors and
5 the joint funders as of the same date. It does not
6 consider any future business operations. It does
7 not consider the dates that the payments were due to
8 the investors or the joint funders.
9 I stated many times now what the analysis
10 is that I prepared. It was a comparison of the
11 accounts receivable as of July 27, 2020 with the
12 amounts due to the investors and the joint funders
13 as of the same date.
14 MR. FUTERFAS: Thank you. Give me one
15 second.
16 All right. That's it. I have no further
17 questions. Thank you, Ms. Davis.
18 Mr. Soto, do you have more questions?
19 MR. SOTO: I do not.
20 THE VIDEOGRAPHER: Ms. Berlin?
21 MS. BERLIN: Yes, is there any other
22 defendant or defense counsel who -- I guess
23 just defense counsel who wanted to ask a
24 question of Ms. Davis since -- Mr. Furman, I
25 know you're here, but I -- I understand you

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1 have counsel now.
2 But I -- I don't know, is there anyone on
3 the call who wants to ask any question of
4 Ms. Davis?
5 Okay. I'm not hearing anything.
6 I just have a couple of brief questions.
7 EXAMINATION
8 BY MS. BERLIN:
9 Q. Ms. Davis, earlier in your testimony, you
10 referenced the collections cycle.
11 I wonder if -- is -- did you calculate the
12 collections cycle for the -- each of the
13 transactions -- for the transactions?
14 A. So the collections cycle is not something
15 that I calculated, so no, I did not calculate that.
16 Q. Okay. And the collections cycle that you
17 referenced in your testimony today with Mr. Soto,
18 was that referencing some collections cycle, like
19 period of time that you went in and calculated, or
20 is it simply a methodology that you utilized so that
21 you were providing the most conservative
22 representation of the figures when you examined
23 collectibility?
24 MR. SOTO: Objection to form.
25 A. Excuse me. The collections cycle that --

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1 would sell no further cars, have no further revenue,
2 and all of its outstanding debt would be due and
3 payable immediately? Very simple, yes or no?
4 MS. BERLIN: I object to the form of the
5 question.
6 A. I'm not sure that I understand your
7 question. I don't understand what analysis you're
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10 BY MR. FUTERFAS:
11 Q. I'm asking you if you were doing an
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24 Motor under those circumstances?
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1 A. So what the -- the objective of paragraph
2 124 in the analysis was a comparison of the amount
3 of accounts receivable available as of July 27, 2020
4 as compared to the amount owed to the investors and
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6 consider any future business operations. It does
7 not consider the dates that the payments were due to
8 the investors or the joint funders.
9 I stated many times now what the analysis
10 is that I prepared. It was a comparison of the
11 accounts receivable as of July 27, 2020 with the
12 amounts due to the investors and the joint funders
13 as of the same date.
14 MR. FUTERFAS: Thank you. Give me one
15 second.
16 All right. That's it. I have no further
17 questions. Thank you, Ms. Davis.
18 Mr. Soto, do you have more questions?
19 MR. SOTO: I do not.
20 THE VIDEOGRAPHER: Ms. Berlin?
21 MS. BERLIN: Yes, is there any other
22 defendant or defense counsel who -- I guess
23 just defense counsel who wanted to ask a
24 question of Ms. Davis since -- Mr. Furman, I
25 know you're here, but I -- I understand you

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EXHIBIT – David Dunkelberger also acknowledges the voodoo math that Davis used to come up with her insolvent scheme narrative in his Independent Accountant’s Review Report dated August 13, 2021 - Pgs. 6, 7, 8:

- The analysis of Davis would never be used to determine the profitability of an ongoing business, public or private, because it improperly assumed, at a random date in time, both an unrealistic complete liquidation of \$365M of noteholder debt against current cash balances of ~\$30M in July 2020, and the immediate termination of ongoing business operations and revenue generating activities. Such a methodology violates every accounting standard to determine the financial wherewithal and profitability of an operating business.

Davis makes this clear in paragraphs 124-126 of the Davis report. These paragraphs are based on two main assumptions, both of which are not only false, but would never be used to determine the profitability of an ongoing business, public or private:

- 1) CBSG would be liquidated at a randomly selected specific point in time, despite the fact that CBSG was an ongoing and growing business throughout its entire 96-month history.
- 2) Future debt payments to noteholders, including those due over 5 to 7 years, would be immediately accelerated back to the random selected date of liquidation.

Under these two conditions, it would be impossible for many successful businesses with outside financing (bank loans, investor loans, etc.) to have enough cash on hand to pay all outstanding debts – accelerated to a random date. The foregoing Davis assumptions are not based in economic reality and violate the natural order of the flow of funds during a liquidation. And they would never be used to determine the profitability of an ongoing business, public or private.

Even in a proper liquidation – which the Court said was not the case in August 2020 – the analysis would consider the future collection of accounts receivable, which normally occurs within one year after the specific liquidation date. When the business cycle is allowed to run its course, the future collections of merchant receivables are used to pay for the remaining operating costs of the liquidation, including the debt payments.

But this was not a liquidation scenario. This was a going concern since 2012 with 75 or so employees and had been paying noteholder interest and principal payments for years. On page 22 of the Glick Rebuttal Report, Glick emphasizes that since liquidation was not imminent, the presumption should be an analysis of CBSG as a going concern. Indeed, it is required under GAAP, as stated in Accounting Standards Update 2014-15, Presentation of Financial Statements – Going Concern (Subtopic 205-40) (“ASC 205-40”):

“Under generally accepted accounting principles (GAAP), continuation of a reporting entity as a going concern is presumed as the basis for preparing financial statements unless and until the entity’s liquidation becomes imminent. Preparation of financial statements under this presumption is commonly referred to as the going concern basis of accounting.”

CBSG did not voluntarily decide to liquidate. There are no Court directives requiring liquidation. In fact, the transcript of the August 4, 2020 Status Conference at page 89 states:

“The Court: But the Court is on the record making it very clear, as I have from the beginning, no one is here seeking an end game of liquidation. The Court is not, the receiver is not, and the SEC certainly isn’t. So, we’re going to do our best to try to keep this business working with the current model that we’re still investigating.”

Consequently, while a historical analysis of merchant receivable advances is important to assess collectability, a prospective analysis should have been undertaken for the company as a whole.

The Davis report did not analyze CBSG's profitability as a going concern that had been in business for years.

Conclusion

The liquidation scenario as promoted by Davis is not supported by any of the relevant circumstances in this case. It is clear that Glick followed the proper methodology in viewing CBSG's business as an ongoing entity.

This is not prosecution. It is persecution. And the math proves it!