The Anatomy of a Receivership Money Grab: How DSI and the Receiver Spun Fiction into Fact at Par Funding's Expense

By The Freedom Fighters

Welcome back, patriots and truth-seekers. We are here to cut through the noise, bypass the establishment gatekeepers, and expose the Receiver and his crony lawyers' overreach and institutional corruption that has infected the legal system. Today, we turn our spotlight on the ongoing travesty of the Par Funding receivership.

For years, Par Funding has been forced to dedicate more time and resources to fighting the court-appointed Receiver and his financial consultants at DSI than dealing with the SEC and the AUSA. Why? Because the Receiver stopped acting as a neutral custodian long ago. Instead, he has operated as a de facto prosecutor, spinning a web of endless lies and manufactured crises. The motivation is as clear as it is corrupt: create more busy work, drive up exorbitant hourly billing, and poison the courts both civil and criminal into approving their continued existence and payouts.

Thankfully, the truth leaves a paper trail. A detailed declaration by forensic accountant Joel Glick of Berkowitz Pollack Brant systematically dismantles the Receiver and DSI's smoke-and-mirrors campaign. Here is the factual breakdown of the made-up nonsense Par Funding has had to endure.

1. The "Ponzi Scheme" Lie and Flawed Accounting

To justify a massive receivership, you need a massive villain. DSI went to great lengths to imply that Par Funding operated as a Ponzi scheme. They did this by utilizing a deceptive cash-flow analysis while completely ignoring U.S. Generally Accepted Accounting Principles (GAAP).

EXHIBIT: DECLARATION OF JOEL D. GLICK forensic accountant of Berkowitz Pollack Brant for Par Funding - Case 9:20-cv-81205-RAR Document 535-1 Entered on FLSD Docket 04/15/2021

CONCLUSIONS[3]

15. DSI erroneously alleges CBSG was a Ponzi Scheme. A forensic analysis of the QuickBooks/Bank/ACH accounts, from 2012 through 2019, demonstrates that cash flows from merchants were sufficient to cover principal and interest payments made to investors.

BASIS FOR CONCLUSIONS

Alleged/Implied Ponzi Scheme

19. While DSI does not use the term, it clearly implies CBSG is a Ponzi Scheme. The Court appears to agree with my assessment of DSI's implicit message: *"I was told by the SEC that it was not a Ponzi scheme at the time, that they were uncertain, they were not ready to make that representation, and I will confess that the report from DSI goes to great lengths not to use that term. But looking at the way the snapshot that DSI has prepared, … It seems to me, based upon the report and the fact that some of the payouts or the funds that investors were receiving were essentially generated or the product of new money coming into these investments that we maybe have had a sea change in the true nature of this business and that it is less about factoring and*

due diligence on loans, and more about taking from new investors to pay old investors."[8] *"The affidavit does not go that far, but it makes it clear that this was not a self-funding operation, meaning this operation could not, regardless of COVID-19, regardless of the SEC's involvement, that this was truly not a self-engineered or self-funding enterprise, it thrived off new money being put in from investors."*[9]

20. According to the Receiver, DSI suggests there is not a single definition for a Ponzi Scheme.[10] Having been the lead forensic accountant for the Chapter 11 Trustee (Judge Herb Stettin) in the Rothstein Ponzi Scheme matter,[11] I am keenly familiar with them. While I agree there are multiple definitions that may use slightly different language to define a Ponzi Scheme, they all contain the same common and primary theme in that new investors are funding repayment of returns to prior investors because the underlying business does not generate sufficient revenue to pay existing investors. The Receiver cites both the Ninth Circuit as well as the AICPA as having a definition of a Ponzi Scheme but does not provide such definitions to the Court. For the benefit of the Court, I have included the definitions from the Association of Certified Fraud Examiners ("ACFE"), the Federal Bureau of Investigation ("FBI") as well as the Securities and Exchange Commission ("SEC"):

21. As indicated, QuickBooks has not been fully reconciled through July 27, 2020. Nonetheless, a Bank Activity Log maintained by CBSG reflects that approximately $15 million was paid to investors between April and July 2020 (prior to the Receivership). During this same period, no investor funds were received and approximately $100M of merchant payments came in. We are in the process of verifying both the amount of investor principal payments made in 2020 as well as verifying these payments were not made due to maturing obligations. If both are verified it would show new investor dollars are not required to pay old investors. Additionally, CBSG managers forwent the $13.1 million of consulting fees due to them for Q1 of 2020.[15]

23. CBSG raised funds through debt financing not equity financing. As such, it offered an annual rate of interest to note holders as reflected in promissory notes. This is not a promise of high [rates of] returns to investors.

24. Based on the production received to date, we have seen no indication that investor principal or interest payments were missed or late prior to March 2020. CBSG consistently paid note holders the interest rate stated in the promissory notes until a renegotiation of those notes due to Covid-19 economic conditions in March or April 2020. This is not promise of overly consistent [rates of] returns to investors.

**************** THE RECEIVER DECEITFULLY USED A NON-GAAP, NON-ACCRUAL METHODOLOGY TO PREPARE A REPORT FROM A NON-CPA, BRADLEY SHARP, PRESIDENT & CEO OF DSI (THE RECEIVER'S CONSULTING FIRM.) DSI HAS BILLED THE PAR FUNDING ESTATE $15 MILLION.**

25. The Receiver states that the profitability of the underlying business is an additional factor that should be considered in identifying a Ponzi scheme. That factor is evident in the above definitions. However, the Receiver incorrectly states that a cash analysis is a proxy for profitability. It is not. As will be discussed below, accrual basis accounting provides the best and most accurate, and most widely accepted method for analyzing profitability, it is the basis under which CBSG maintained its books, and therefore the proper test for profitability pursuant to GAAP.

26. Likewise, the fact that a company continues to raise capital does not by itself imply that it cannot sustain itself and such does not make it a Ponzi Scheme. Borrowing funds at a cost lower than the expected profit/return to be realized from the use of those funds is known as leverage. Leverage is a universal business concept and

29. Factor fee income is no less real than the income created by selling any other type of product or service. Manufacturers sell products, service providers sell their time and MCAs sell cash. Cash is their inventory. If management is doing a good job, it should not have excess inventory – whether it be cars, legal services, or cash. Manufacturers want their products on store shelves rather than in the warehouse; service providers endeavor to keep their staff busy with billable time; and MCAs endeavor to keep their money "on the street"—in the hands of merchants to increase revenue. If the money is sitting in a bank account, it is not generating a return on investment (the stated purpose of the business) and, in fact, if the MCA is not self-funded, it is still incurring a cost to borrow or accept outside funds.

30. If the Receiver's premise for the existence of a Ponzi Scheme is the lack of profitability, he is relying on DSI's flawed analysis which: 1) erroneously focuses on cash flow rather than profit: *"From inception through 2019, CBSG incurred a cash loss from operations…"*; and 2) when analyzing the receivables of an exception portfolio, applies an incorrect methodology to the receipt of merchant payments:[19] *From inception through 2019, CBSG generated only $6.6 million in cash from MCA Activity…"*

38. This analysis further indicates that CBSG does not meet the above definitions of a Ponzi Scheme and makes the following statement from DSI incorrect: *"CBSG paid $231.0 million to investors, consisting of principal repayments totaling $135.6 million and interest payments totaling $95.4 million. CBSG could not have made principal and interest payments to the investors without additional funds from the investors."*

*********JUDGE RODOLFO RUIZ IN THE SOUTHERN DISTRICT OF FL OVERLOOKED EXCULPATORY EVIDENCE IN THE FORENSIC REPORT FILED BY JOEL GLICK ON BEHALF OF CBSG/ DBA PAR FUNDING TO PROTECT, ***"HIS RECEIVER."***

EXHIBIT: DECLARATION OF YALE BOGEN -SENIOR MANAGING DIRECTOR AT DSI -Case 9:20-cv-81205-RAR Document 1843-27 Entered on FLSD Docket 04/22/2024

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SUMMARY

8. Our analysis shows that net MCA activity was insufficient to cover operating and non-operating expenses and that CBSG was only able to pay investors through new investor money. Since 2012, CBSG had insufficient cash to continue to pay investors the principal and interest due while supporting operational expenses and cash distributions to its sole shareholder see Exhibit A, attached.

9. CBSG was a classic Ponzi scheme. It offered high rates of return to investors for little risk while making it seem that the cash was from legitimate, money-making operations. In fact, the opposite was true. The money paid to investors was from new investors' funds. The "value" of the underlying assets and operations was dependent on underreporting bad debt and on increasing the number of "reloads" of MCA balances to artificially maintain a high balance of advances receivable.

**********THE FREEDOM FIGHTERS ARE COMPLETELY MYSTIFIED THAT EVEN AFTER THE RECEIVER WAS PRESENTED WITH THE GLICK ANALYSIS AND SECOND OPINIONS BY DAVID DUNKELBERGER, AND THE CLA AUDITS, YALE BOGEN STILL HOLDS ON TO THIS FAKE AND PHONY PONZI THEORY!

BOGEN KNOWLINGLY KNEW THAT CBSG IS NOT A PONZI YET DECLARED UNDER PENALTY OF PERJURY THAT IT WAS 3 YEARS AFTER THE GLICK REPORT WAS COMPLETED. BOGEN BECAME SO BRAZEN BECAUSE THE RECEIVER OWNS THE COURTS.

THIS FRAUDULENT MOTIVE OF LABELING CBSG/PAR FUNDING A PONZI SCHEME PERMITS THE RECEIVER TO PURSUE CLAWBACK CLAIMS AGAINST OLDER INVESTORS WHO WERE REPAID IN FULL AND RECEIVED INTEREST PAYMENTS. THIS CREATES "STAYING POWER" SO THE RECEIVER CAN CONTINUE TO BILL THE ESTATE AND FILL THE COFFERS, WHILE FISHING OUT OF THE ALREADY CAUGHT BUCKET INSTEAD OF GOING AFTER COLLATERAL AND THE MERCHANTS WHO OWE MONEY.

<u>THERE IS A FRAUD HERE AND A MOTIVE FOR FRAUD!</u>

The Declaration by Yale Bogen proves positive that DSI and the Receiver were the ones that created this fake and phony narrative. This started a witch hunt that snowballed into the AUSA's office using the exact same NON-GAAP, NON-CPA analysis to poison yet another court in Philadelphia, PA. The original Sharp Declaration from December 15, 2020, created a fake and phony dossier to poison the court, the media, and Par Funding investors.

To our conservative brothers and sisters reading this does this remind you of the playbook the far left uses similar to the Steel Dossier that was the catalyst for the Russia Collusion Hoax in trying to take down our great President, Donald J. Trump?

Glick's forensic analysis of the company's data from 2012 to 2019 proved that the cash flows returning from merchants were consistently sufficient to cover both principal and interest payments made to investors.

DSI erroneously used a cash analysis as a proxy for profitability, stating the company only generated $6.6 million in cash from MCA activity.

Under the GAAP-required accrual basis method of accounting, CBSG was highly profitable and earned hundreds of millions of dollars in top-line revenue—a fact DSI conveniently ignored to keep their billing alive.

Improper Form of Analysis

44. Audited financial statements prepared under GAAP require a cash flow statement. A cash flow statement is divided into three activities, operating, investing, and financing. At a high level, these categories allow the reader to determine if cash increased or decreased because of business operations; if cash increased or decreased as the result of various investments made by the company; or if cash increased or decreased related to debt or equity raises, company stock transactions and owner contributions and distributions. Rather than prepare their analysis in such way that investors or the Court could get a sense of the financial operations comparable to other businesses using the most widely accepted framework, DSI prepared its cash flow analysis with the categories Investor Activity, MCA Activity, Other Related Entity Activity and Operating Expenses. It segregated commissions and consulting fees from all other operating expenses and then further segregated commissions and consulting fees into payments to Related Entities and payments to Other Entities. It is unclear why DSI chose this format as it does nothing to address profitability which, according to the Receiver, is a key factor in determining whether a business is a Ponzi Scheme.

45. Payments to related parties are common and certainly not improper by default. It is unclear why DSI chose to focus on them as a category yet provide no discussion or analysis to the Court as to what investigation they undertook to determine what services these entities may have performed for CBSG, what contracts/agreements may have been executed and whether such agreements were arms-length transactions.

46. The Notes to Financial Statements are an integral part of any set of financial statements and provide information to assist an investor in better understanding certain facts underlying the reported dollars. As relevant here, Note-6 Related Party Transactions in the 2017 audit clearly states the relationship and purpose of payments to Related Entities.

stated *"You have to consider other factors. So, for example, what was the profitability of the underlying business?"* Regardless of DSI's categorization of cash flows, an analysis of cash flows is not the proper basis to determine an entity's profitability. The Receiver has acknowledged as much twice in the December 15, 2020 transcript of the video status conference. *"Now I should be careful in saying that this is an analysis of cash in and cash out, which is not the same as profit, but it's a good proxy and a measuring stick..."* [29] *"Again, I want to be careful, net cash which is different from profit."*[30] While an analysis of cash flows has its use, it is neither a good proxy nor a measure of profitability. The accrual basis of accounting provides a more accurate measure of a company's profitability and economic performance during an accounting period, and a more accurate picture of a company's financial position at the end of an accounting period. It is the proper methodology to use to determine profitability as is the most widely used and accepted financial reporting framework in the United States.

Improper Analysis

50. In arguing to the Court that CBSG is some form of a Ponzi Scheme, the Receiver

51. The two main methods of maintaining an entity's accounting books and records are the cash basis and accrual basis methods of accounting. The cash basis method of accounting, as the name suggests, recognizes revenue when cash is received and an expense when cash is paid. Conversely, the accrual basis method of accounting recognizes revenue when earned and expenses when incurred. The accrual basis results in a more accurate financial picture over the long term. Under GAAP, accrual basis accounting is required as it supports the matching principle which pairs revenues and the corresponding expenses incurred to generate such revenues to the period or periods in which they occurred.

53. In addition to GAAP requirements for the accrual basis, the Internal Revenue Service ("IRS") requires accrual basis reporting.[32] Both the 2017 and 2018 CBSG tax returns, Form 1120, reflect the accounting method as accrual. DSI seems to have ignored that CBSG's tax returns and tax obligations were, as required by the IRS, prepared using the accrual accounting method.

54. It should be further noted that the 2017 CBSG audit cites the same revenue recognition rules promulgated by the Financial Accounting Standards Board (FASB), ASU 2016-13 Measurement of Credit Losses on Financial Instruments (Topic 326).[33] These are the same rules which were required to be adopted by CCUR Holdings, Inc. and Enova International, Inc., two publicly traded companies having subsidiaries in the MCA/RPA (Receivables Purchase Agreement) business. ASU 2016-13 was to

[31] Exhibit A to the Declaration of Bradley Sharp [DE 482-2] was inadvertently omitted from the original [DE 426-1]. Exhibit A separates the original summary by year but suffers the same improper format for which to assess profit.
[32] Internal Revenue Code § 448 Limitation on use of cash method of accounting.
[33] ASU 2016-13 will require changes to the terminology. References to allowance and provision for loan losses will be revised to reflect that ASU 2016-13 covers all financial assets and not just loans.

replace the existing incurred loss methodology affecting financial assets. As of the issuance of the audit, the new guidance was to be effective for annual reporting periods beginning after December 15, 2020. Early adoption was permitted, but not prior to fiscal years beginning after December 15, 2018.

2. The "Exception Portfolio" and the Omission of Collateral

To make the portfolio look incredibly toxic, DSI focused relentlessly on what they dubbed the "Exception Portfolio"—a group of just 16 heavily funded merchants. DSI and the receiver intentionally misrepresented this common business practice to feign a crisis.

This is basic business structure. But the receiver, DSI, and his cronies are not businesspeople, they are liquidators! This concentration is no different than having anchor clients. Look at the most successful companies in the world:

As of early 2026, Berkshire Hathaway had roughly 22% of its entire massive stock portfolio concentrated in one single company: Apple. Does the SEC accuse Warren Buffett of running a fraudulent scheme because he relies heavily on an anchor investment?

Oracle is aggressively building multi-gigawatt data centers specifically to support one primary anchor client: OpenAI, in a massive $300 billion computing deal.

Real estate landlords across the globe rely on anchor tenants to secure the financial stability of their commercial properties.

Par Funding utilized the exact same strategy. In doing so, DSI purposefully ignored the mountains of collateral Par Funding secured on these accounts.

DSI failed to present any analysis regarding the existence or value of the collateral securing these funding agreements.

As Glick pointed out, one of these "exception" entities, the B&T group (where the collateral spanned over 13 companies and the receiver conveniently left out of his analysis), had a signed Surety Agreement, Confession of Judgment, and Promissory Note like most Par clients.

EXHIBIT: SURETY AGREEMENT, CONFESSION OF JUDGMENT, PROMISSORY NOTE BETWEEN COMPLETE BUSINESS SOLUTIONS GROUP AND B&T SUPPLY

Surety Agreement
Business Purpose Credit

April 11, 2019

In consideration of credit heretofore or hereafter extended by Complete Business Solutions Group, Inc. ("CBSG"), a Delaware corporation having an office at 20 North Third Street, Philadelphia, PA 19016 to B AND T SUPPLIES, INC. DBA B AND T SUPPLY DBA BIGGEST BOOK.COM DBA B&T SUPPLIES, INC., and YANKY HOLDING SUPPLIES INC., each with an address at 123 Grove Avenue, Suite 208, Cedarhurst, NY 11516 (collectively, "Maker"), TZVI ODZER, an adult individual with a business address of 123 Grove Avenue, Suite 208, Cedarhurst, NY 11516 ("Undersigned" or "the Undersigned"), hereby irrevocably and unconditionally guaranties and becomes a surety to CBSG for the due and prompt payment and performance of all the Liabilities. The term "Liabilities" includes all liabilities of Maker to CBSG, whether now existing or hereafter incurred, matured or unmatured, direct or contingent, joint or several, whether created directly or acquired by assignment or otherwise, including all past and future advances or readvances, and any extensions, modifications or renewals thereof and substitutions therefor; all amounts advanced by CBSG on behalf of Maker; all late charges, penalties and other such fees under any agreement of Maker with CBSG; all liabilities (including Professional Fees and Costs, as hereinafter defined) incurred by CBSG arising from or related to any hazardous materials or dangerous environmental conditions at any real property owned or occupied by Maker; and all of CBSG's costs and expenses, incurred in connection with the enforcement and collection of the Liabilities, whether or not suit is instituted, and whether or not bankruptcy or insolvency proceedings have been instituted by or against Maker, including without limitation, reasonable fees and costs of attorneys, appraisers, accountants, consultants and other professionals ("Professional Fees and Costs"). If any Liabilities are not paid or performed by Maker when due, subject to any applicable grace period, Undersigned shall, upon CBSG's demand, immediately pay and perform such Liabilities or cause the same to be paid and performed.

The amount of the liability of Undersigned hereunder shall be unlimited.

The guaranty and surety contained herein is an absolute and unconditional, primary, direct, continuing and immediate guaranty of payment and not of collectability and shall be valid and binding upon Undersigned regardless of any invalidity, irregularity, defect or unenforceability of any provision of any document or instrument executed in connection with the Liabilities, or any other obligation or agreement of Maker or Undersigned. Undersigned hereby consents and agrees that CBSG may at any time or from time to time in CBSG's discretion and without notice to or further consent from Undersigned, who hereby agrees to be and remains bound upon this surety, notwithstanding any such action on CBSG's part: (i) extend, renew, modify, amend, supplement or waive any provisions of any documents or instruments executed in connection with any Liabilities or change the time of payment, and/or the manner, place or terms of payment of the Liabilities or any renewals, extensions or modifications thereof; (ii) settle or compromise the Liabilities with Maker or any other party; (iii) apply any sums by whomever paid or however realized to any Liabilities of Maker to CBSG regardless of the Liabilities of Maker remaining unpaid; (iv) exchange, release, sell or compromise any collateral securing the Liabilities; (v) exercise or refrain from exercising any rights against Maker or others, including Undersigned; (vi) release from liability to CBSG any guarantor or other obligor. CBSG may in its discretion act on any of the above all in such manner and upon such terms as CBSG may see fit.

The Undersigned hereby waives (i) promptness and diligence; (ii) notice of the incurrence of any Liabilities by Maker; (iii) notice of any actions taken by CBSG or Maker under any document or instrument executed in connection with the Liabilities or any other agreement or instrument relating thereto; (iv) notice of acceptance of this surety and of any action by CBSG in reliance thereon; (v) presentment, demand of payment, notice of dishonor or nonpayment, protest and notice of protest with respect to the Liabilities, and all other formalities of every kind in connection with the enforcement of the Liabilities or of the obligations of Undersigned hereunder, or of any other guarantor or other obligor, the omission of or delay in which, but for this provision might constitute grounds for relieving Undersigned of any obligations hereunder; (vi) any requirement that CBSG protect, secure, perfect or insure any security interest or lien or any property subject thereto or exhaust any right or take any action against Maker, the Undersigned, or any other person or any collateral; (vii) notice of any election by CBSG to sell any of the property mortgaged, assigned or pledged as security for any of the Liabilities at a public or private sale.

SECURITY

The Undersigned grants to CBSG, as security for the full and prompt payment and performance of Undersigned's obligations hereunder, a security interest in all monies, securities or other property of the Undersigned and the proceeds thereof, now or hereafter in the possession or custody of, or in transit to, CBSG for any purpose including safekeeping, collection, pledge or otherwise, including, without limitation, all deposits (whether general or special) and credits now or hereafter maintained by Undersigned with CBSG and in any claims of Undersigned against CBSG, and CBSG may, at its option and without notice, set off toward the payment of any Liabilities, in such order as CBSG may determine, the balance of each such account with, and each claim against CBSG. CBSG is deemed to have exercised such right of set off and to have made a charge against any such account immediately upon the occurrence of a default in the payment or performance of the Liabilities even though such charge is subsequently made or entered by CBSG on its books. Undersigned hereby grants CBSG power of attorney to complete and file any such Uniform Commercial Code filings to perfect the security interest(s) set forth above.

REINSTATEMENT

The effectiveness of this surety shall continue or be reinstated, as the case may be, in the event that any payment received or credit given by CBSG is returned, disgorged or rescinded as an avoidable preference, impermissible setoff, fraudulent conveyance or otherwise under any applicable state or federal law, including laws pertaining to bankruptcy or insolvency, and this surety shall thereafter be enforceable against Undersigned as if such returned, disgorged or rescinded payment or credit had not been received or given by CBSG, and whether or not CBSG relied upon such payment or credit or changed its position as a consequence thereof.

WAIVER OF SUBROGATION

Undersigned waives any right of subrogation to the claims of CBSG against Maker, or any right of indemnification or contribution against any other person. If notwithstanding such waiver of subrogation, any amount shall be paid to Undersigned on account of such subrogation, indemnification or contribution at any time when all of the Liabilities and all other expenses guaranteed pursuant hereto shall not have been paid in full, such amount shall be held in trust for the benefit of CBSG, shall be segregated from the other funds of Undersigned and shall forthwith be paid over to CBSG to be applied in whole or in part by CBSG against the Liabilities, whether matured or unmatured.

TERMINATION

This surety shall be continuing and CBSG may continue to act in reliance hereon until the receipt by CBSG of prior written notice of revocation from Undersigned provided, however, that such notice shall not affect Undersigned's liabilities as surety of any Liabilities incurred or based on facts arising prior to receipt of such notice or Liabilities which were created after receipt of such notice pursuant to any contract entered into by CBSG prior to receipt of such notice.

CONFESSION OF JUDGMENT

UNDERSIGNED HEREBY IRREVOCABLY AUTHORIZES AND EMPOWERS CBSG, BY ANY AUTHORIZED OFFICER, EMPLOYEE OR AGENT, OR BY ITS ATTORNEY, OR BY THE PROTHONOTARY OR CLERK OF ANY COURT OF RECORD IN THE COMMONWEALTH OF PENNSYLVANIA OR ELSEWHERE WHERE PERMITTED BY LAW, UPON THE OCCURRENCE OF A DEFAULT, TO APPEAR FOR AND CONFESS JUDGMENT AGAINST UNDERSIGNED IN FAVOR OF CBSG IN ANY JURISDICTION IN WHICH UNDERSIGNED, OR ANY OF UNDERSIGNED'S PROPERTY IS LOCATED FOR THE AMOUNT OF ANY OR ALL OF THE LIABILITIES, TOGETHER WITH THE COSTS OF SUIT AND WITH ACTUAL COLLECTION COSTS, INCLUDING ATTORNEYS' FEES INCURRED BY CBSG, WITH OR WITHOUT DECLARATION, WITH RELEASE OF ALL ERRORS, WITHOUT STAY OF EXECUTION AND THE RIGHT TO ISSUE EXECUTION FORTHWITH, AND FOR DOING SO THIS AGREEMENT OR A COPY VERIFIED BY AFFIDAVIT SHALL BE A SUFFICIENT WARRANT. UNDERSIGNED HEREBY WAIVES AND RELEASES ALL RELIEF FROM ANY AND ALL APPRAISEMENT, STAY OR EXEMPTION LAW OF ANY STATE NOW IN FORCE OR HEREINAFTER ENACTED.

UNDERSIGNED ACKNOWLEDGES THAT BY AGREEING THAT CBSG MAY CONFESS JUDGMENT HEREUNDER, UNDERSIGNED WAIVES THE RIGHT TO NOTICE IN A PRIOR JUDICIAL PROCEEDING TO DETERMINE UNDERSIGNED'S RIGHTS AND LIABILITIES, AND UNDERSIGNED FURTHER ACKNOWLEDGES THAT CBSG MAY OBTAIN A JUDGMENT AGAINST UNDERSIGNED WITHOUT UNDERSIGNED'S PRIOR KNOWLEDGE OR CONSENT AND WITHOUT THE OPPORTUNITY TO RAISE ANY DEFENSE, SET OFF, COUNTERCLAIM OR OTHER CLAIM UNDERSIGNED MAY HAVE, AND UNDERSIGNED EXPRESSLY WAIVES SUCH RIGHTS AS AN EXPLICIT AND MATERIAL PART OF THE CONSIDERATION. THE FOREGOING POWER TO CONFESS JUDGMENT MAY BE EXERCISED AGAINST UNDERSIGNED AT ONE TIME OR AT DIFFERENT TIMES AS CBSG ELECTS UNTIL THE LIABILITIES ARE FULLY DISCHARGED.

INITIALS: ____Λ____
Tzvi Odzer

MISCELLANEOUS

No failure or delay in exercising any right or remedy against Undersigned hereunder shall be deemed a waiver thereof nor preclude the exercise of any other right or remedy hereunder. No waiver of any breach of any provision of this surety shall be construed as a waiver of any subsequent breach of that provision or of any other provision.

All rights and remedies hereunder are cumulative and not alternative, and CBSG may proceed in any order against Maker, Undersigned, or any other guarantor or other obligor of Maker's indebtedness to CBSG. This surety embodies the whole agreement and understanding of the parties relative to the subject matter hereof. No modification of any provision hereof shall be enforceable unless in writing and executed by Undersigned and approved and acknowledged by CBSG. The invalidity of any portion of this surety does not affect the remaining portions, or any part thereof, and in the case of any such invalidity, this surety shall be construed as if such portion had not been inserted.

All terms, obligations and provisions hereof shall be governed by and construed in accordance with the internal laws of the Commonwealth of Pennsylvania, without reference to conflict of laws principles.

Undersigned irrevocably waives the right to interpose any defense (other than payment), set-off or counterclaim of any nature or description in any and all disputes between any of them and CBSG whether under this surety or under any other agreement heretofore or hereafter executed.

Undersigned irrevocably agrees and consents to the exclusive jurisdiction of the Courts of Common Pleas for any county in Pennsylvania (regardless of whether CBSG has an office in any such county) and/or the United States District Court for the Eastern District of Pennsylvania in any and all disputes, actions or proceedings between CBSG and Undersigned, whether arising hereunder or under any other agreement or undertaking and irrevocably agrees to service of process by certified mail, return receipt requested, to them at the address listed in the records of CBSG and that service upon any of them shall constitute service upon all of them, each, hereby appointing the other(s) their attorney-in-fact for the purpose of service. However, CBSG is not precluded from bringing an action against Undersigned in any jurisdiction in the United States or elsewhere in which Undersigned or any of his property is located. Undersigned further agrees not to make any objection in any such action or proceeding that venue is improper or the forum is inconvenient.

WAIVER OF JURY TRIAL. THE UNDERSIGNED IRREVOCABLY WAIVES A JURY TRIAL AND ANY RIGHT TO A JURY TRIAL IN ANY ACTIONS OR PROCEEDINGS: (1) ARISING UNDER OR PURSUANT TO ANY AGREEMENT, DOCUMENT OR INSTRUMENT EXECUTED IN CONNECTION WITH OR RELATING TO THE LIABILITIES AND (2) IN ANY WAY ARISING OUT OF OR RELATED TO THE LIABILITIES, AND THE UNDERSIGNED AGREES THAT ANY SUCH ACTION OR PROCEEDING MAY BE TRIED BEFORE A COURT AND NOT BEFORE A JURY.

All notices required under this Surety Agreement shall be in writing and shall be given by either (i) hand delivery, (ii) first class mail (postage prepaid), (iii) reliable overnight commercial courier (charges prepaid), or (iv) telecopy or other means of electronic transmission, if confirmed promptly by any of the methods specified in clauses (i), (ii) and (iii) of this sentence and shall be sufficient, in the case of the Undersigned, if sent to the attention of the Undersigned at the address on the records of CBSG, and in the case of CBSG, if sent to the address and attention of the CBSG representative servicing Maker's account.

All of the terms and provisions of this surety inure to and are binding upon the heirs, executors, administrators, successors, representatives, receivers, trustees and assigns of Undersigned, provided that Undersigned shall not assign this agreement or any rights or obligations hereunder without the prior written consent of CBSG. All rights hereunder shall inure to the successors and assigns of CBSG.

IN WITNESS WHEREOF, Undersigned has executed this Surety Agreement as of the date stated above.

SURETY:

Tzvi Odzer a/k/a Steven Jacob Odzer

Witness/Attest: ____________

State of New York

County of Kings

On this 10th day of April, in the year 2019 before me, the undersigned, a Notary Public in and for said State, personally appeared TZVI ODZER, personally known to me or proved to me on the basis of satisfactory evidence to be the individual whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his/her capacity, and that by his signature on the instrument, the individual, or the person upon behalf of which the individual acted, executed the instrument.

Morris Isaac Sabbagh
Notary Public

My Commission Expires: 3/25/22

MORRIS ISAAC SABBAGH
Notary Public, State of New York
No. 01SA6071987
Qualified in Kings County
Commission Expires March 25, 2022

PROMISSORY NOTE

April 11, 2019

FOR VALUE RECEIVED, B AND T SUPPLIES, INC. DBA B AND T SUPPLY DBA BIGGEST BOOK.COM DBA B&T SUPPLIES, INC., and YANKY HOLDING SUPPLIES INC., each with an address at 123 Grove Avenue, Suite 208, Cedarhurst, NY 11516 (collectively, "Maker"), promise, jointly and severally, to pay to the order of Complete Business Solutions Group, Inc., a Delaware corporation ("CBSG"), at 20 North Third Street, Philadelphia, PA 19106, or at such other place as CBSG may designate in writing. **the amount of $27,067,737.00,** or such greater or lesser amount as shall be shown on the records of CBSG (the "Balance"), on the terms and conditions described below.

1. Payments. Daily payments at an amount set by CBSG in CBSG's sole discretion shall be due each business day beginning April 11, 2019 and continuing until the Balance is paid in full. Such payments may, in CBSG's sole discretion, be made by direct-debit/ACH transfer of/from one or more of any of Maker's bank accounts by CBSG. If any such direct-debit/ACH transfer arrangements are made, Maker agrees to execute any and all necessary documentation permitting such arrangements.

2. Security. The security for the Balance is provided for via that certain surety agreement of even date with this Note (the "Surety Agreement") and via that certain Security Agreement of even date with this Note (the "Security Agreement").

3. Events of Default. Maker's failure to pay any amount due hereunder as and when due shall constitute an "Event of Default" under the Note.

4. CBSG's Rights and Remedies after the Occurrence of an Event of Default. After the occurrence of an Event of Default which has not been cured or remedied by Maker within the time period provided, if any, CBSG shall have the following rights and remedies which may be exercised singularly, concurrently and cumulatively, and upon as many occasions as required:

a. Immediately accelerate the unpaid balance of the Note;

b. Immediately exercise any right or remedy maintained by CBSG pursuant to the Note and/or the Surety Agreement, including but not limited to the right to confess judgment against Maker;

c. Immediately exercise any right or remedy of CBSG under the Security Agreement; and/or

d. Immediately exercise any right and remedy available to CBSG under law or in equity.

5. Confession of Judgment.

THE FOLLOWING PARAGRAPH SETS FORTH A WARRANT OF ATTORNEY TO CONFESS JUDGMENT AGAINST MAKER. IN GRANTING THIS WARRANT OF ATTORNEY TO CONFESS JUDGMENT AGAINST MAKER, MAKER KNOWINGLY, INTELLIGENTLY AND VOLUNTARILY, AND, ON THE ADVICE OF COUNSEL, UNCONDITIONALLY WAIVES ANY AND ALL RIGHTS MAKER MAY HAVE TO PRIOR NOTICE AND AN OPPORTUNITY FOR HEARING UNDER THE RESPECTIVE CONSTITUTIONS AND LAWS OF THE UNITED STATES AND THE COMMONWEALTH OF PENNSYLVANIA.

This agreement explicitly stated that the guarantor's liability was unlimited, meaning if B&T defaulted, they were legally on the hook for the entire $78 million accounts receivable balance.

Ignoring surety bonds and real estate collateral isn't an "oversight"; it is a calculated omission designed to spin a false narrative of extreme, unsecured risk.

As a sidenote: Most of the B&T Supply related entities secured by the collateral above still exist today and are actively doing business. Also, we find it interesting that this client somehow found Shane Heskin to represent him against paying back Par Funding, and the receiver amazingly absolved him of almost $100 million debt that there is a "Surety Agreement" on! The Receiver only secured a $500,000 judgement and forgave Par Fundings' largest merchant who had a surety bond and continues to do business today. This is the biggest slap in the face to all the investors and the sick and toxic relationship between Heskin and the Receivership all done to get their man, Joseph LaForte, and fuel their billing.

3. The Absurdity of DSI's Exception Portfolio Extrapolation

Starting at Line 60 of his declaration, Glick exposes just how deeply DSI manipulated the data regarding this Exception Portfolio to manufacture a crisis.

A Tiny Subset of the Business: The Exception Portfolio consisted of only 16 merchants out of nearly 7,600 total clients CBSG serviced over an eight-year period. Yet, DSI used this tiny fraction to paint a picture of impending collapse, claiming that if CBSG only collected the "Cash Exposure" in this portfolio, the company's assets would decline by $165.1 million.

Analysis of the Merchant Receivables Portfolio and CBSG Profitability

60. The second section of the DSI declaration, ***Portfolio Analysis***, devotes 11 pages of the 21-page declaration to the analysis of the CBSG merchant portfolio. DSI conducted a detailed cash analysis of a subset of CBSG merchants which they refer to as the Exception Portfolio. It is unclear whether their analysis includes post Receivership activity because they indicate that *"[t]he following table provides a summary of the activities with respect to the Exception Portfolio from the inception of the relationship to November 2020."* For the sake of clarity, the Receivership began on July 28, 2020, so it would be improper to include any activity from that date forward in their analysis. This would also be inconsistent with their cash analysis which ended in 2019: *"Our preliminary conclusions summarized above are based on our analysis of CBSG's cash sources and uses for the calendar years 2012 through 2019."*

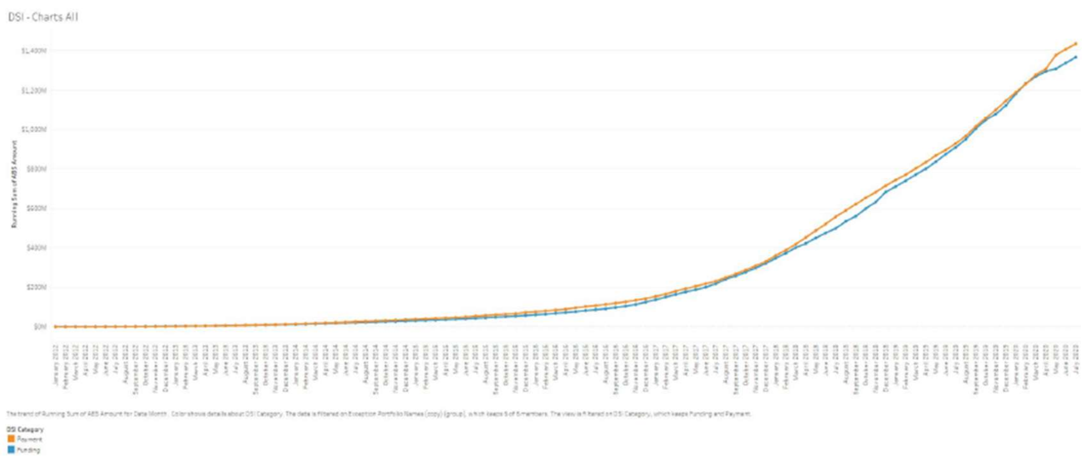
61. The Exception Portfolio represents approximately 46% of the outstanding accounts receivable balance and is comprised of 16 merchants divided into five groups. It is unclear if DSI is suggesting that 100% of the receivable balances related to the exception portfolio is uncollectible, or if they are suggesting that the Exception Portfolio has any impact at all on the remaining 54% of accounts receivable comprised of approximately 3,600 merchants.

62. The Receiver states: *"As a result of the Defendants' poor underwriting and management of the portfolio, the Par Financial model utilized by the Defendants requires significant additional cash investments to fund additional receivables, as the current portfolio does not generate sufficient cash."*[35] The only reference to underwriting in the DSI report was for one merchant, the B&T group, and that singular reference did not include any apparent analysis to support the Receiver's conclusion regarding collectability.

[35] Page 7, paragraph 3 of Receiver Ryan K. Stumphauzer's Quarterly Status Report Dated February 1, 2021 (DE 482)

63. Additionally, DSI does not address what analysis it undertook related to the existence and value of the collateral securing the MCA funding agreements. In fact, DSI appears to ignore collateral altogether in its conclusions regarding the Exception Portfolio. I reviewed a Surety Agreement, including a Confession of Judgment, signed by the president of B & T. While the April 11, 2019 promissory note attached to the agreement indicates an existing liability of approximately $27.1 million, the Surety Agreement states that: *The term "Liabilities" includes all liabilities of Maker to CBSG, whether now existing or hereafter incurred…" and "The amount of the liability of Undersigned hereunder shall be unlimited.*" While I am not rendering legal opinion, this would suggest that if B & T were to default, it is liable for the entire $78 million included in accounts receivable.

64. I have included the graph from page 12 of the DSI report which reflects only the Exception Portfolio. In contrast to the DSI graph (Exception Portfolio Group Cumulative) immediately below, the BPB graph below it reflects the same funding and payment information, with the exception that we have included the entire CBSG portfolio of current receivables. The lower graph, of the entire CBSG portfolio, shows that payments coming in from merchants consistently exceed funding provided to merchants. The proximity of the lines confirms that CBSG is managing their cash inventory.



The Cost Recovery Fallacy: Glick proved this $165.1 million figure was entirely fabricated using incorrect math. DSI applied a "cost recovery methodology"—meaning they applied every dollar of a merchant's payment entirely against the initial principal advance until it was paid off, refusing to recognize any of the standard factoring fees (profit) that were being paid along the way.

GAAP Demands Better:

Glick noted that GAAP explicitly requires the use of the "effective yield" or "straight-line" method. DSI's refusal to use standard accounting meant they drastically overstated the amount of uncollected "factor" fees and understated the cash exposure.

The Proof of Profitability:
To completely destroy DSI's narrative that the Exception Portfolio proved the company was failing, Glick analyzed 3,900 distinct zero-balance merchants (clients who had paid off their advances). For these 3,900 clients alone, CBSG recognized $201.5 million in revenue and achieved an overall blended factor rate of 1.399. DSI’s claim that CBSG only generated $6.6 million in cash over its lifetime is proven false by the actual data.

4. Hiding the Truth About Strict Underwriting
The Receiver loudly claimed that the portfolio was the result of "poor underwriting." He adopted another Heskin theory to cover up his lack of collection efforts and failure of his duties as a receiver. If you demonize Par Funding’s Underwriting, you can induce the court to excuse your lackluster collection effort.

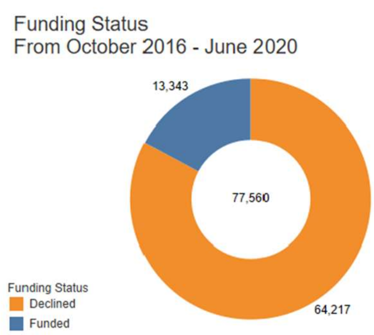
Once again, the actual data tells a completely different story.

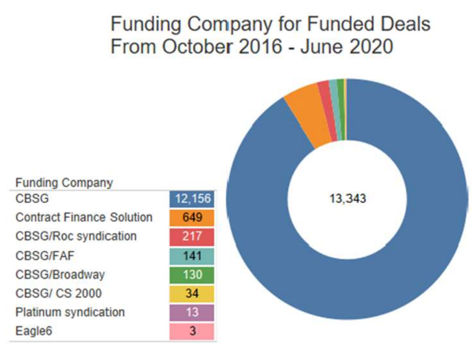
Data from CBSG's CRM system showed that only 17% of merchant requests for advances were actually approved and funded.
Glick compared this to the U.S. Federal Reserve’s Small Business Credit Survey, which showed that between 79% and 84% of merchants seeking cash advances were approved.

Par Funding’s 17% approval rate suggests significantly stricter underwriting policies than the national industry average. In actuality Par Funding’s underwriting team was state of the art and was the mitochondria of the company.

Underwriting

39. The charts below are based on data provided by the CRM system used by CBSG. These charts demonstrate that CBSG has an underwriting process as it does not accept every request from a merchant for an advance. To the contrary, the charts indicate that only 17% of the requests were approved and funded. According to the U.S. Federal Reserve's 2017 Small Business Credit Survey ("the FRB Survey"), fielded in Q3 and Q4 of 2017, 7% of respondents sought a merchant cash advance as a financing product. Of those in the FRB Survey, 79% of the applicants were approved.[24] The same survey issued in 2021, and fielded in September and October of 2020, reflects 8% of respondents sought a merchant cash advance as a financing product and of those, 84% of the applicants were approved.[25] CBSG's application approval rating of 17% is significantly lower and would suggest stricter underwriting policies. Moreover, our understanding is that since the complete population of requests for funding by merchants has not yet been provided in discovery, the additional information would reduce this percentage further below 17%. The chart on the right is simply a breakdown of which MCA company provided funding to the accepted merchants.





40. As of the writing of this declaration, BPB has not had access to underwriting files and therefore is unable to review and provide comment on the underwriting process. It is not clear why DSI, who did or could have accessed these records, did not provide any explanation as to the analysis undertaken in reviewing CBSG underwriting procedures when preparing their Exception Portfolio analysis discussed in further detail below.

41. The only reference to underwriting was in the context of one of the five Exception Portfolio groups they defined. *"The documents in the files of CBSG with respect to this merchant do not support credit exposure of more than $20 million and certainly not more than $90 million. CBSG's own Underwriting Profile dated May 12, 2015 recommended a credit limit of $27,600."* This, however, is a statement with no apparent analysis.

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[24] 2017 SMALL BUSINESS CREDIT SURVEY | REPORT ON EMPLOYER FIRMS, U.S. Federal Reserve Bank
[25] SMALL BUSINESS CREDIT SURVEY | 2021 REPORT ON EMPLOYER FIRMS, U.S. Federal Reserve Bank

42. Upon a review of the DSI time records, I could only identify the following entries in which they reference an analysis of CBSG underwriting policies and records.

- *REVIEWED AND INDEXED 16 BOXES OF DOCUMENTS SEIZED BY THE FBI, INCLUDING TAX INFORMATION, UNDERWRITING MATERIALS, MODIFICATION AGREEMENTS, AND MERCHANT DEBIT CARD AUTHORIZATION FORMS 14.10 hours on 9/28 & 9/30/20.*

- *Compile questions for Par Funding regarding cash management, information systems, underwriting and collections procedures, etc. 1.10 hours on 08/09/20.*

- *Review emails regarding insufficient and inaccurate underwriting, or MCA decisions conflicting with underwriting. 0.20 hours on 9/8/20.*

- *Discussion with Kevin Young regarding the process for the underwriting of advances and request samples of the analysis done; review the analysis and further discussions with Kevin Young regarding same; e-mail the underwriting package and comments to Brad Sharp; follow-up e-mails with Brad Sharp regarding the analysis used for underwriting and settlements 1.00 hours on 10/23/20.*

- *Research on underwriting practices with regard to top ten merchants in response to Yale Bogen's request; collection supporting documentation and e-mail Yale Bogen 1.20 hours on 11/19/20.*

- *Research on CBSG's underwriting practice regarding Colorado Homes; collect supporting documents for Yale Bogen. For .70 hours on 11/19/20.*

- *Collect underwriting documents for B&T including bank statements .30 hours on 11/24/20.*

Cash Basis vs Accrual Basis Accounting

43. In the first section of the DSI declaration, ***Cash Sources and Uses***, DSI performed an analysis[26] in which they categorized CBSG's sources of cash inflows and uses of cash outflows (collectively "cash flows") for the years 2012 – 2019.[27] As previously indicated and discussed in more detail below, a cash analysis is improper to determine profitability. It should be further noted that the form of the cash analysis that DSI presented does not seem to provide information useful to investors or the Court. The

[26] Op. cit. FN1
[27] We await copies of such updated accounting records from the Receiver and reserve the right to update our analysis through the date on which the Receiver took control.

intent of DSI's presentation of this information, which is inconsistent with GAAP, is unclear to me from an accounting perspective.

65. As discussed in paragraphs 40-43 above, it is unclear what, if any, analysis DSI performed as to the review of CBSG's underwriting policies and files. Additionally, there is no indication of any analysis of merchants' ability to repay their contractual MCA obligations.

5. The Intentional Mischaracterization of "Reloads"
In the business of lending and cash advances, a "reload" is simply a refinance. Banks refinance customers every single day without being accused of operating a fraudulent enterprise. Yet, DSI used reloads to attack Par Funding.

DSI suggested, without any supporting evidence, that the mere existence of a "reload" indicated a merchant would not be able to pay its obligation.

Glick correctly labeled this assumption as entirely unsupported and speculative.
DSI also claimed that a certain percentage of reloads was "excessive," yet they provided zero industry data to back up this arbitrary opinion.

18. DSI's analysis of the Exception Portfolio relies on several unsupported assumptions:

a. DSI seems to suggest without support that the existence of "reloads" indicates that a merchant will not be able to pay its obligation to CBSG.[5] As discussed below, this assumption is unsupported and speculative.

b. DSI suggests without support that a certain percentage of reloads is "excessive."[6] DSI's suggestion that the percentage of CBSG's receivables carried too high a factor rate is unsupported and they provided no industry data or other support for any of these opinions.

c. DSI suggests without support that increasing reloads is "unrelated to [the merchant's] business operations."[7]

66. Their conclusions reached are therefore unsupported as to what constitutes "*excessive reloads"* or speculative as to the statement: *"**If** CBSG is only able to collect the Cash Exposure (cash out less cash back) in the Exception Portfolio, CBSG's assets will decline by $165.1 million…."*

67. Further, in arriving at the speculative $165.1 million possible loss assertion (see chart

below), DSI incorrectly applied a cost recovery methodology[36] rather than the GAAP required effective yield[37] or straight-line methodologies.

68. As an example, assume CBSG advances $100K to a merchant with a mutually agreed-upon factor of 1.30. The resulting recorded RTR is $130K. Assuming the RTR is to be repaid in 100 installments, each installment from the merchant would be $1,300.

69. Under GAAP, a portion of every payment should go to repay the initial advance and a portion should be recognized as factor income. As indicated, the effective yield or straight-line method is required by GAAP. Under the straight-line method, $1,000 would be applied against the original advance and $300 would be recognized as income. DSI incorrectly applied the cost recovery methodology and erroneously applied the full $1,300 installment against the $100K advance rather than recognizing the $300 of income and $1,000 return of initial advance. This was wrong and

[36] Applies every dollar received against the initial principal or investment until it is fully repaid at which time income begins to be recognized.
[37] Like a mortgage payment between a bank and a homebuyer. The homebuyer makes a monthly mortgage payment to the bank. From the bank's perspective, each payment received is split into return of investment and return on investment. This is intended as an example only and in no way suggests CBSG is a lender.

inconsistent with GAAP.

70. The flawed DSI methodology is evident in their chart below. National Brokers of America received $35.3M from CBSG. It appears DSI applied 100% of the $37M repaid by National Brokers against this $35.3M resulting in an erroneous declaration of negative cash exposure. It is not possible to have negative cash exposure.

71. It appears that the same circumstances exist for CNP Operating and Colorado Sky, and it also appears that DSI utilized the same flawed methodology throughout, resulting in erroneously understated cash exposure.

72. DSI states that: *"[a] significant amount of the receivable portfolio consists of "factors," fees and expense and not cash advanced."* Based on its flawed cost-recovery methodology, shown above, it is evident that DSI has overstated the amount of "factor" fees contained in outstanding accounts receivable. Its results are inaccurate.

The Bottom Line

The evidence in Joel Glick's declaration proves what we have known all along. The Receiver and DSI bypassed standard underwriting realities, ignored binding legal collateral, and butchered standard GAAP accounting to paint a completely standard business strategy as a criminal anomaly.

They did this to justify their massive billing operation. They weaponized the legal process, poisoned the well with Judge Ruiz, and Judge Kearney, spent millions of dollars fighting the very people who built a profitable, heavily vetted enterprise. It is time for the court—and the public—to hold these unelected, liberal, self-serving actors accountable.

Stay vigilant.