

The Candell Affidavit: What the SEC's Narrative Left Out

When examining the anatomy of the SEC's case against Par Funding, one must look closely at the voices the court chose to ignore. Among the most critical of these was Alan J. Candell, Esq., a man whose credentials, daily involvement, and unheeded warnings completely fracture the government's narrative.

Filed just days after the SEC's initial action was unsealed, Candell's Pro Se Motion to Intervene (***DE-128 Filed on 8/12/2020***) was an urgent plea to protect his investments and sound the alarm on the receivership's destructive path. Yet, to truly understand the weight of his motion, you must look at the realities that drove him to file it—and the "moot points" of his legal ask that serve as the bedrock of his credibility.

Who Was Alan Candell?

Alan Candell was not just a senior citizen relying on his promissory note distributions, as his motion humbly stated. He was an original investor, a seasoned attorney, a Wharton School of Business graduate, and a former bank owner.

More importantly, for three years, he served as the acting COO of Par Funding. During his tenure, Candell was a fixture at the office, sitting down every single day with ownership and the accounting staff—including CFO Joseph Cole—to rigorously review the books and records. He was a man who insisted on the highest standards of regulatory compliance. It was Candell who recommended Par Funding's original SEC counsel, Lisa Jacobs from the top-tier securities firm DLA Piper.

EXHIBIT: INTRO EMAIL DRAFT LETTER TO LISA JACOBS AT DLA PIPER IN MARCH 19, 2016



Lisa Mc <lisa.mcelhone@gmail.com>

Fwd: proposed introductory letter to Lisa Jacobs

1 message

joemack888@aol.com <joemack888@aol.com>
To: Lisa McElhone <lisa.mcelhone@gmail.com>

Sat, Mar 19, 2016 at 12:50 PM

Sent from my iPad

Begin forwarded message:

From: Alan Candell <alanesq47@aol.com>
Date: March 19, 2016 at 11:52:26 AM EDT
To: Joe Mack <joemack888@aol.com>
Subject: proposed introductory letter to Lisa Jacobs

Let me have your thoughts. I have not sent it to Joe Cole yet.
It has to be short while at the same time pique her interests. She's
a powerhouse, I'm told, and I really want to grab her attention.
I think this will do it.

 AAAAAAALisa Jacobs.odt
72K

EXHIBIT: Engagement Letter from Lisa Jacobs at DLA Piper (cc: Alan Candell, Esquire)



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March 24, 2016

Complete Business Solutions Group, Inc.
141 N. 2nd Street
Philadelphia, PA 19106

Attn: Lisa McElhone

Re: Engagement and Conflict Waiver Letter for Legal Services

Dear Lisa:

We are pleased that Complete Business Solutions Group, Inc. d/b/a Par Funding (the "Company") is engaging DLA Piper LLP (US) ("DLA Piper," "we," or the "Firm") to represent it in connection with general organization, financing and potential investment matters (the "Matters").

General Terms

The terms and conditions set forth in the Terms of Service enclosed are incorporated herein with the exception of any terms and conditions herein that differ from those in the Terms of Service. Where the terms and conditions differ, this letter shall control.

I will be responsible for and actively involved in all Matters. Additional lawyers, including those in other practice areas, and those more junior will be added to the Matters on an as-needed basis to facilitate efficiency. Any significant additions to staffing will be discussed with you in advance.

Fees and Expenses

The Firm's fees will be based on the time involved in the Matter and our internal time charges. My discounted hourly rate is \$875. As part of the Firm's ordinary business practices, hourly time charges are reviewed annually, and may be revised for work beginning in January of the next year.

We will submit statements for services rendered for payment on a monthly basis, other than for those matters that are purely transactional in nature, and as to which we may agree in advance will be billed as completed or terminated. Payment is due promptly upon receipt. We reserve the right to assess and collect late payment charges at the rate of 10% per year on past due accounts.

In addition, our billing statements will include charges and disbursements incurred by us in the course of providing services. These items will be billed in accordance with our standard practice, as described in the attached summary, which may be periodically updated.



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If the terms of this letter are satisfactory, please sign the consent form below and return it to me. In the event that you do not sign the letter and return it within ten (10) days from the date of this letter, please note that your instructing us or continuing to instruct us on a particular matter will constitute your full acceptance of the terms set out in this letter.

Very truly yours,

DLA Piper LLP (US)

A handwritten signature in blue ink, appearing to read 'Lisa R. Jacobs', is written over a green redaction bar.

Lisa R. Jacobs
Partner

cc: Alan Candell, Esquire

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The unavoidable question must be asked: Why would individuals running an alleged Ponzi scheme allow a man with Candell's pedigree, banking experience, and forensic eye to audit their books on a weekly basis? You do not invite a seasoned legal and financial expert to be your COO, mandate strict compliance, and review your daily ledgers if you are running a fraudulent enterprise.

"Protecting Investors" vs. The Reality of the SEC

The SEC's official, stated mission in its handbook is clear: "to protect investors, maintain

fair, orderly, and efficient markets, and facilitate capital formation."

Alan Candell knew from a lifetime of legal and financial experience that, in this context, that mandate was an absolute joke. If the SEC were genuinely there to protect investors, especially senior citizens, why did Candell explicitly state under oath that "the existing parties to the action are not adequately representing the interests of Candell"?

He knew the SEC's claims of fraud did not align with the reality of the business. In his affidavit, he testified to a flawless track record: the defendants had never missed a single payment to him or any other noteholder since 2016, with the sole exception of a two-month hiccup in March and April 2020 when the entire global economy was shut down due to COVID-19.

A Prophetic Warning to the Court

When the SEC initiated its freeze and installed Ryan K. Stumphauzer as the receiver, operations ground to a halt. Candell intervened not just as an investor, but as an expert who deeply understood the merchant cash advance (MCA) business model.

In his sworn affidavit, Candell laid out several undeniable facts:

The Reality of Operations: He confirmed that prior to the receivership, the company was successfully bringing in approximately \$1.5 million **per business day** in ACH collections.

The Requirement for Success: Candell noted that effective MCA collections require highly trained staff, sophisticated algorithms, and dedicated cash management procedures. None of which to this day the Receiver did. He did not need an algorithm because he never intended to run this business anyway. Nor did he even know how! The Freedom Fighters are even more mystified that the SEC would recommend Ryan K. Stumphauzer to be the receiver when he admitted he had no idea how to run the business. So, what was the point of paying the Receiver \$30 million dollars? Alan Candell spent a lifetime in business and had the foresight and the guts to not only state the truth of the situation but also file a petition with the court. But the result was he was chastised and reprimanded by the court for his filing of the truth. This filing was at the beginning of the case and this same theme resounded throughout years of litigation where the truth was simply ignored.

The Flaw in the Receivership: Mr. Candell pointed out that the receiver admitted to having no expertise in the merchant cash advance business. Mr. Candell did not just make this up. The receiver himself made the admission in a filing that that was the central reason he

allegedly needed DSI to run the day-to-day operations.

The DSI Disaster: Candell explicitly warned the court that DSI, the financial firm appointed to administer the company, had a track record in similar cases of only collecting 20% of a debtor's receivables. Mr. Candell's experience as a banker, and an attorney, gave him the research capabilities of finding the specific data of DSI's past performance.

Candell had the foresight to investigate that DSI would be an absolute disaster for the portfolio. His warning was chillingly accurate: DSI ended up collecting around 18% of the portfolio—just enough to cover investor payments and enrich the network of professionals appointed to tear the company apart.

The Outcome: Denied by the Court!

Despite his extensive background, his irrefutable logic, and his clear vested interest in preserving the assets, the court denied Candell's motion. The experienced employees were not allowed to return, the collections plummeted exactly as he predicted, and the exact destruction of value he tried to prevent was formalized by the court's refusal to listen. The denial came with a serious rebuke from the court.

In Memoriam: Alan J. Candell (1947 - 2023)

Tragically, Alan Candell passed away in 2023 from pancreatic cancer while this case was still being prosecuted, meaning he died without ever seeing the outcome of this case. He is remembered by those who worked alongside him as a good, honest, highly intelligent, and deeply respected lawyer and financier. His integrity was unmatched, and his foresight regarding the mishandling of this receivership stands as a permanent testament to his financial acumen.