

## A Manufactured Crisis

### The Setup: A Bitter Rivalry

For years, a private lawyer named **Shane Heskin** from White and Williams fought Par Funding in court and lost every time. To finally "win," he went around the normal court system and fed a story to **Amie Riggle Berlin** at the SEC. He convinced her that Par Funding was a "sham" that did not do any real background checks or underwriting on its merchant cash advances.

### EXHIBITS –

**Declaration of Norman Valz on 8/11/2020 (Par Funding in-house counsel) almost 2 weeks after Par Funding was put into Receivership on 7/28/2020:**

IN THE UNITED STATES DISTRICT COURT  
FOR THE SOUTHERN DISTRICT OF FLORIDA  
MIAMI DIVISION

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SECURITIES AND EXCHANGE  
COMMISSION,

Plaintiff,

v.

COMPLETE BUSINESS SOLUTIONS  
GROUP, INC. d/b/a PAR FUNDING,  
*et al.*,

Defendants.

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Civil Action No. 20-cv-23071-MGC

**DECLARATION OF NORMAN MOUNT VALZ**

I, NORMAN MOUNT VALZ, being duly sworn according to law, hereby depose and say:

1. My name is Norman Mount Valz ("Norm Valz"), and I am over 18 years of age and otherwise competent to testify.
2. I was the primary attorney upon which Complete Business Solutions Group, Inc. d/b/a ("CBSG") relied upon for the filing of its Confessions of Judgment and the handling of its legal defense whenever a Petition to Open a Judgment or related litigation was filed during the time period of August 2015 through July 2018 and have since maintained an involvement where needed with regard to judgments or litigation. In this role, I became well versed in the Factoring Agreements and the legal underpinning of this MCA companies agreements with merchants.

3. I am providing this Declaration in connection with Defendants' Motion for Relief from expanded action by the Court in the above-captioned action.

**The Corporate Structure, Operations & History of CBSG and FSP**

**CBSG's Factoring Agreements**

4. CBSG operates in the lawful merchant cash advance (MCA) industry wherein CBSG, *inter alia*, enters into contracts with business merchants (not individual consumers) for the purchase and sale of future receivables. CBSG's factoring agreements expressly define themselves as a "Purchase and Sale of Future Receipts" – thus these agreements fall under Section 9 of the U.C.C.

5. Under the express terms of the factoring agreements, CBSG purchases a merchant's invoices (or future receivables) at a discount. In return, merchants remit to CBSG future receivables through daily, semi-weekly, weekly, or other agreed-upon debits representing the future receipts purchased by CBSG.

6. The factoring agreements expressly provide that "[p]ayments made to [CBSG] towards the total Receivables Purchase Amount shall be conditioned upon (i) Merchant Seller's sale of products and/or services and (ii) the payment of such goods and services to Merchant Seller by its customers pursuant to the terms of this Purchase Agreement."

7. The factoring agreements further provide that "Merchant Seller shall provide to [CBSG] Merchant Seller's bank statements for any and all bank accounts

to allow [CBSG] to reconcile the daily payments made against the Daily Specified Amount.”

8. The factoring agreements explicitly state the parties agree the transaction is “not intended to be, nor shall it be construed as a loan,” and the factoring agreements also specifically state the parties agree “IN NO EVENT SHALL THE AGGREGATE OF THE AMOUNTS RECEIVED BE DEEMED AS INTEREST . . . .”

9. The merchants all sign contracts with CBSG agreeing that the contracts are entered into for a business purpose, only.

10. The merchants all voluntarily and knowingly sign contracts with CBSG, and have the opportunity to review agreements with counsel. Indeed, many, if not all, of these merchants have frequently sought cash advances from the MCA industry.

11. The merchants all generated several hundreds of thousands of dollars in annual revenue, and many of the merchants generated millions of dollars in annual revenue.

#### **Litigation Involving CBSG’s Factoring Agreements**

12. Where merchants have failed to adhere to their contractual obligations, CBSG has confessed judgment based upon its factoring agreement against hundreds of business merchants, without any objection or opposition.

13. Notwithstanding its lawful and contractual right to confess judgment against merchants in default of its factoring agreements, CBSG has, however, faced a malicious and personal campaign of litigation to malign and attack the company, degrade, defame, and disparage their principals and agents, grossly misrepresent the nature of Defendants' business and factoring agreements, and intentionally undermine CBSG's lawful business operations and commercial transactions.

14. In my personal experience in representing CBSG, the majority of the Petitions to Open Judgment or instances of litigation instigated by a merchant were represented by one law firm in particular, White & Williams LLP. The lawsuits against CBSG with White & Williams representation of the Merchant include: : *Thomas Alan Suess v. CBSG*, No. 17-4622 (E.D. Pa.) and No. 19-3243 (3d Cir.); *Fleetwood Services, LLC, et al. v. CBSG*, No. 18-268-JS (E.D. Pa.); *HMC Inc., et al. v. CBSG, et al.*, No. 19-3285-JS (E.D. Pa.); *see also CBSG v. Annie's Pooch Pops, LLC, et al.*, No. 20-724-GEKP (E.D. Pa.); *CBSG v. Capital Jet, Inc., et al.*, No. 20-848-CMR (E.D. Pa.); *CBSG v. Funtime, LLC, et al.*, No. 19-5439-JS (E.D. Pa.); *CBSG v. HMC, Inc., et al.*, No. 19-2777-JS (E.D. Pa.); *CBSG v. HMC, Inc.*, No. 19-4747 (E.D. Pa.); *CBSG v. Knava's Bounce House Rentals, LLC, et al.*, No. 20-779-CDJ (E.D. Pa.); *CBSG v. Legend Adventures, LLC, et al.*, No. 20-1081 (E.D. Pa.); *CBSG v. MH Marketing Solutions Group, Inc., et al.*, No. 20-849-MAK (E.D. Pa.); *CBSG v. NationalRx, Inc.*, No. 20-1072-JS (E.D. Pa.); *CBSG v. NationalRx,*

*Inc.*, No. 20-1073-JS (E.D. Pa.); *CBSG v. Radiant Images, Inc.*, No. 18-4013 (E.D. Pa.); *CBSG v. Sean Whalen, et al.*, No. 19-6181-JS (E.D. Pa.); *CBSG v. Sunrooms America, Inc., et al.*, No. 20-847-TJS (E.D. Pa.); *CBSG v. Thomas Alan Suess*, No. 17-4069-CDJ (E.D. Pa.) and No. 19-2741 (3d Cir.); *CBSG v. American Heritage Billiards, LLC, et al.*, No. 200600078 (June Term 2020) (Phila. Co. C.C.P.); *CBSG v. TourMappers North America, LLC, et al.*, No. 200401028 (April Term 2020) (Phila. Co. C.C.P.); *American Heritage Billiards, LLC v. CBSG*, No. 01-20-0009-6277 (American Arbitration Association); *TourMappers North America, LLC, et al. v. CBSG*, No. 01-20-0005-3591 (American Arbitration Association).

15. As shown above, those lawsuits were and/or are pending in state and federal courts, as well as arbitration forums.

16. Some of those lawsuits were/are proposed class actions. See, e.g., *Fleetwood, supra* (seeking to certify a class of Texas merchants and guarantors); *Whalen/Flexogenix, supra* (seeking to certify a class of California merchants and guarantors). Often "Class Action" was included in the header of the case without further efforts to actually certify a Class.

17. The Chief District Judge for the U.S. District Court for the Eastern District of Pennsylvania has held that the disputes between CBSG and certain, few individual business merchants are individual, commercial disputes. He rejected merchants' requests to mark the cases related, finding that each case "is not related

to the other cases before this Court because the **issues of fact are different** and the cases **arise from different transactions**"; that "[t]he other cases involve Complete Business's relationship with **different merchants** and guarantors under **different merchant agreements from different time periods**"; that "[t]he merchant agreements, although similar, are **separate agreements with separate merchants**"; and that **"this case does not have the same issue of fact as the other cases and does not grow out of the same transaction as the other cases."** See *Annie's Pooch Pops, Capital Jet, Knava's Bounce House, MH Marketing, and Sunrooms, supra.*

18. The merchants in the above-referenced litigation consistently and repeatedly allege all manner of claims including usury, unconscionability, fraud, unfair and deceptive trade practices, and/or purported violations of the Uniform Commercial Code and federal Racketeer Influenced and Corrupt Organizations Act.

19. Through the date of this Declaration, **none** of the proposed classes have been certified and **none** of the merchants in the above-referenced litigation, or otherwise, have prevailed against CBSG on the merits of **any** of their individual claims.

20. Instead, federal and state courts have upheld the validity of the CBSG's factoring agreements.

21. For instance, in the case I litigated on behalf of CBSG, *CBSG v. Boreal Water Collection Inc.*, the Philadelphia County Court of Common Pleas reviewed

the merits of a petition to open judgment by confession. No. 17062692, 2017 WL 5652572, at \* 1 (Pa. Com. Pl. Nov. 2, 2017). In *Boreal Water*, CBSG had entered into a factoring agreement with a corporate defendant that an individual defendant then personally guaranteed. *Id.* As with its other factoring agreements, the factoring agreement in *Boreal Water* provided that the corporate defendant would sell certain future receivables to CBSG in exchange for a discounted purchase price. *Id.* The *Boreal Water* agreement also provided that CBSG would retrieve the receivables purchased directly from the corporate defendant's bank account and that the retrievals would occur over a certain number of days in a specified daily amount until such time as CBSG received payment in full of the receipts purchased amount. *Id.* The corporate defendant ultimately breached the *Boreal Water* factoring agreement and CBSG filed a complaint in confession of judgment against the corporate defendant and personal guarantor. *Id.* Defendants petitioned to open the confessed judgment arguing that the *Boreal Water* factoring agreement was not an account purchase transaction, but a usurious loan in violation of New York's criminal usury statute, despite the Pennsylvania choice-of-law provision in the factoring agreement. *Id.* at \*2. After analyzing the *Boreal Water* factoring agreement, **the court determined that the underlying transaction between the parties was not a loan, but an account purchase transaction.** *Id.* at \*2. Because the factoring agreement was not a loan, the court concluded that usury did not apply

and that defendants had no valid defense to CBSG's breach of contract claims. *Id.*

**Tellingly, the SEC Complaint does not reference this decision from the Court of Common Pleas of Philadelphia County.**

22. In another case I litigated on behalf of CBSG, a federal district court judge in the United States District Court for the Eastern District of Pennsylvania, held that Pennsylvania law would control interpretation of CBSG's factoring agreements, thereby obviating any claims that the agreements constituted usurious loans. More specifically, the Honorable C. Darnell Jones, II, recently rejected the application of California law over a Pennsylvania choice of law provision in a CBSG Factoring Agreement: "[T]he Court does not find that application of Pennsylvania law to this case would offend a fundamental policy of California or "substantially erode" the protection California seeks to extend its "necessitous, impecunious" citizen-borrowers. All that Defendant's briefs establish is that protecting against usurious lending practices is of great importance to California. So, too, is this issue of great importance to the Commonwealth. That Pennsylvania codifies limited exceptions to its usury laws does not render its interest in protecting against usurious lenders any less significant than that of California." *CBSG v. Thomas Alan Suess*, No. 17-4069, at p. 2 (E.D. Pa. Sept. 11, 2018) (internal citations omitted) (Jones, J.). Judge Jones further held that "California's usury laws are not applied universally to all lenders" and that "the absence of an [usury] exception comparable to that of

Pennsylvania is not itself indicative of a fundamental policy that would be contravened by application of Pennsylvania law here.” *Id.* (citation omitted).

23. The SEC Complaint failed to note that the merchants all sign contracts with CBSG agreeing that Pennsylvania law governs the parties’ agreement. Pennsylvania’s Usury Law expressly states that it does not apply to “business loans of any principal amount.” See 41 Pa. Stat. Ann. § 201(b)(3); see also *Gur v. Nadav*, 178 A.3d 851, 857 (Pa. Super. Ct. 2018) (recognizing, business loans are exempted from Pennsylvania’s Usury Law). Accordingly, even if the factoring agreements constituted loans (they do not and have not been held by any court to be a loan), they would qualify as “business loans” that do not violate Pennsylvania’s Usury Law. See 41 Pa. Stat. Ann. § 201(b)(3). Other states’ laws are similar, at least as it relates to corporate loans (which, again, these factoring agreements are not and no court has held that they are). See, e.g., Md. Code Ann., Com. Law § 12-103(e)(1) (providing that, *inter alia*, “A lender may charge interest at any rate if the loan is . . . [a] loan made to a corporation”). Other states provide specific statutory protection from usury attacks for account purchase transactions. See, e.g., Tex. Fin. Code § 306.103(b) (“For the purposes of this chapter, the parties’ characterization of an account purchase transaction as a purchase is conclusive that the account purchase transaction is not a transaction for the use, forbearance, or detention of money.”).

24. The SEC Complaint also fails to make note of the fact that courts across the country have upheld the validity of merchant cash advance (MCA) contracts, and rebuffed claims that such contracts were unlawful, unconscionable, fraudulent, or usurious loans. See, e.g., *In re GMI Grp., Inc.*, No. 19-52577, 2019 WL 3774117, at \*9 (Bankr. N.D. Ga. Aug. 9, 2019) (granting summary judgment on usury count where “the undisputed terms of the Agreement clearly demonstrate that it is not a loan”); *In re: Steele*, No. 17-03844-5, 2019 WL 3756368, at \*4-5 (Bankr. E.D.N.C. Aug. 8, 2019) (concluding transaction was sale of future receivables, not a loan); *Power Up Lending Grp., Ltd. v. Cardinal Energy Grp., Inc.*, No. 16-1545, 2019 WL 1473090, at \*5-6 (E.D.N.Y. Apr. 3, 2019) (granting summary judgment where transaction was sale of future receivables, not a loan); *EBF Partners, LLC v. Burklow Pharmacy, Inc.*, No. 2017-292, 2018 WL 6620582, at \*2-3 (Fla. Cir. Ct. Nov. 29, 2018) (same); *Express Working Capital, LLC v. One World Cuisine Grp., LLC*, No. 15-3792, 2018 WL 4214349, at \*8-9 (N.D. Tex. Aug. 16, 2018), *report and recommendation adopted*, 2018 WL 4210142 (N.D. Tex. Sept. 4, 2018) (granting motion for summary judgment where “the evidence supports Plaintiff’s claim that the Agreements [for the sale of future receivables] are not loans, and therefore cannot support usury as an affirmative defense or counterclaim”); *NY Capital Asset Corp. v. F & B Fuel Oil Co.*, 98 N.Y.S.3d 501 (N.Y. Sup. Ct. 2018) (granting summary judgment and holding that transaction was for sale and purchase of accounts

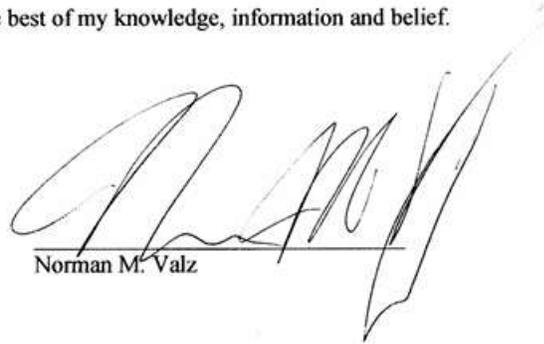
receivable and not a usurious loan); *Express Working Capital, LLC, v. Starving Students, Inc.*, 28 F.Supp.3d 660, 671 (N.D. Tex. 2014) (“Because the Agreements constituted valid account purchase transactions, Defendants’ usury defense and counterclaim lack merit and Plaintiff is entitled to summary judgment on its breach of contract claim.”).

25. Despite the fact that *none* of the above-referenced merchants have prevailed on the merits of *any* of their claims against CBSG, many of the above-referenced merchants involved in the above-referenced litigation against CBSG are prominently featured, via thinly-veiled references, in the SEC Complaint filed in the above-captioned action. See, e.g., ¶ 168 (American Heritage Billiards – Ohio business); ¶ 169 (Capital Jet – Houston business); ¶ 171 (Whalen/Flexogenix – California business); ¶¶ 172-173, 175 (NationalRx – Tennessee business); ¶ 179 (Fleetwood – Dallas business); ¶ 182 (TourMappers – Boston business); ¶¶ 186, 205 (HMC – Maryland business); see also *id.* at ¶ 177 (Amos Jones law firm – D.C. business; no lawsuit filed); ¶ 211 (Funtime – Arizona business); ¶ 211 (New Jersey business – any one of the following three, Annie’s Pooch Pops, MH Marketing, or Sunrooms). CBSG suspects that the foregoing merchants, all of whom are involved, were involved, and/or threatened litigation, are behind complaints to the SEC and obviously biased sources of any such complaints.

26. Importantly, in *none* of the cases for these merchants have the factoring agreements they signed been found to be a "loan." Literally, *none*.

I declare under penalty of perjury, pursuant to 28 U.S.C. § 1746, that the foregoing is true and correct, to the best of my knowledge, information and belief.

Dated: August 11, 2020



Norman M. Valz

**Proof: See email correspondence between Amie Berlin and Shane Heskin**

**-Before the Ex-parte Motion was filed against Par Funding on 7/28/2020, Shane Heskin emailed all the lying Merchant Declarants one big joint email /blanket questionnaire regarding Par Funding's Underwriting process on 7/6/2020. He then forwards to Amie Berlin at the SEC who did not perform her own independent investigation which is her duty before bringing a case like this. Any lawyer knows that when a declaration is being written it must be done individually, not by an opposition attorney. Also, if she had done her own investigation instead of ex-parte sneaking, she would know that all the declarants were lying. But she did not because the TRUTH did not matter!!!!!!!:**

**From:** Heskin, Shane <heskins@whiteandwilliams.com>

**Sent:** July 6, 2020 8:08 PM

**Cc:** Wells, Stuart <Wells@whiteandwilliams.com>; Proper, Justin <Properj@whiteandwilliams.com>; 'Chad Frost' <chad@volunteerpharmacy.com>; 'jim@nationalrx.com' <jim@nationalrx.com>; 'Shane Perkins' <shane@legendsolar.com>; 'MICHAEL FOTI' <mfoti26@aol.com>; 'Pam Fleetwood' <pam@fleetwoodsolutions.net>; Julie Caricato - Indoor Playgrounds Int'l <juliec@indoorplaygroundsintl.com>; 'Kara DiPietro' <k.dipietro@hmcincorporated.com>; 'Mary Carleton' <mary@capjets.com>; 'Sean Whalen' <seanwhalen71@gmail.com>; 'james bowen' <tbowen20@hotmail.com>; 'Gianna Wolffe (gianna@radiantimages.com)' <gianna@radiantimages.com>; 'Bruce McNider (bruce.mcnider@hotmail.com)' <bruce.mcnider@hotmail.com>; 'Shaun Alldredge' <shaunaldredge11@gmail.com>; 'Michael Heller' <michael.heller@mhmsgroup.com>; 'nickstellini007@gmail.com'

<nickstellini007@gmail.com>; 'Amos Jones' <jones@amosjoneslawfirm.com>; 'bhartig528@gmail.com' <bhartig528@gmail.com>; 'Julie Katz' <julie@tourmappers.com>; 'joshua Speakman' <jsjcspeakman1212@gmail.com>; Barry Liner (bliner22@gmail.com) <bliner22@gmail.com>

**Subject:** CBSG Underwriting Questions

**Importance:** High

Hi all,

This is urgent. Please let me know ASAP if CBSG did the following when underwriting each of your MCA agreements:

- 1) Offer insurance: Yes/No \_\_\_\_
- 2) Perform credit check: Yes/No \_\_\_\_
- 3) Perform background check \_\_\_\_
- 4) Perform onsite inspection: Yes/No \_\_\_\_
- 5) Perform personal interview: Yes/No \_\_\_\_
- 6) Underwritten in less than 48 hours: Yes/No \_\_\_\_
- 7) Assign you a personal liaison: Yes/No \_\_\_\_
- 8) Conduct social media research: Yes/No \_\_\_\_
- 9) Request expense information: Yes/No \_\_\_\_
- 10) Request profit margins: Yes/No \_\_\_\_
- 11) Request AR report: Yes/No \_\_\_\_
- 12) Request debt schedule: Yes/No \_\_\_\_

Please get back to me ASAP and feel free to call me with any questions.

Thanks!

-Shane

**To:** Berlin, Amie R [BerlinA@sec.gov]  
**From:** Heskin, Shane  
**Sent:** 2020-07-07T19:23:54-04:00  
**Importance:** Normal  
**Subject:** FW: CBSG Underwriting Questions  
**Received:** 2020-07-07T19:24:03-04:00

.....  
**CAUTION:** This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Another one.

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**From:** Michael Heller <michael.heller@mhmsgroup.com>  
**Date:** Tuesday, Jul 07, 2020, 6:58 PM  
**To:** Heskin, Shane <heskins@whiteandwilliams.com>  
**Subject:** RE: CBSG Underwriting Questions

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Please responses below. My answers are to the best of my recollection.

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**From:** Heskin, Shane <heskins@whiteandwilliams.com>  
**Sent:** Monday, July 6, 2020 11:08 PM  
**Cc:** Wells, Stuart <Wellss@whiteandwilliams.com>; Proper, Justin <Properj@whiteandwilliams.com>; 'Chad Frost' <chad@volunteerpharmacy.com>; 'jim@nationalrx.com' <jim@nationalrx.com>; 'Shane Perkins' <shane@legendsolar.com>; 'MICHAEL FOTI' <mfoti26@aol.com>; 'Pam Fleetwood' <pam@fleetwoodsolutions.net>; 'Julie Caricato - Indoor Playgrounds Int'l' <juliec@indoorplaygroundsintl.com>; 'Kara DiPietro' <k.dipietro@hmcincorporated.com>; 'Mary Carleton' <mary@capjets.com>; 'Sean Whalen' <seanwhalen71@gmail.com>; 'james bowen' <tbowen20@hotmail.com>; 'Gianna Wolffe (gianna@radiantimages.com)' <gianna@radiantimages.com>; 'Bruce McNider (bruce.mcnider@hotmail.com)' <bruce.mcnider@hotmail.com>; 'Shaun Alldredge' <shaunaldredge11@gmail.com>; Michael Heller <michael.heller@mhmsgroup.com>; 'nickstellini007@gmail.com' <nickstellini007@gmail.com>; 'Amos Jones' <jones@amosjoneslawfirm.com>; 'bhartig528@gmail.com' <bhartig528@gmail.com>;

**The Defendants filed a motion on 8/14/2020 DE-148 DEFENDANTS' JOINT OPPOSITION TO A PRELIMINARY INJUNCTION and included Norm Valz's Declaration as an exhibit.**

**-8/15/2020 at 3:04AM Amie Berlin sends the following email to Shane Heskin her de facto prosecutor with the attached filing DE-148. Berlin is reaching out to try and cover up this mess. What she should have done is cleared it up and dropped the case because of FRAUD ON THE COURT!**

**All of this would be fine if Amie Berlin did her own independent investigation. But SHE DID NOT. She should have known they lied! The ends do justify the means. The ends matter and the means matter because they were all lies.**

**To:** Berlin, Amie R. [BerlinA@sec.gov]  
**From:** Heskin, Shane  
**Sent:** 2020-08-15T10:22:37-04:00  
**Importance:** Normal  
**Subject:** RE: DE 148-12 Ex. J.pdf  
**Received:** 2020-08-15T10:22:51-04:00

.....  
**CAUTION:** This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

First, Norm does not have personal knowledge on a lot of these cases because he was not even counsel in many cases.

Second, I sent you two Sanchez (Chief Judge) decisions he conveniently ignores. One holds that we stated valid RICO claims for usury under Texas law because CBSG cannot evade state law through choice of law clause, and (2) permitting class claims to go forward because we stated valid claim that class waiver was unconscionable. I also sent our recent motion to certify a class in that case.

Third, Norm cites the Suss case where judge refused to apply CA law (contrary to Sanchez) but fails to cite decision in same case where he upheld our claims based on NY law (the Broadway Advance agreements have NY choice of law provisions). We appealed the decision refusing to apply CA law and it ultimately settled. We will send decision upholding claims under NY law.

Fourth, the Borreal decision is outrageous. We appealed that decision and Norm settled the case directly with client without telling me. He is lucky I did not file an ethical complaint. We also never briefed the issue of loan versus sale in that case. We only briefed choice of law and court's ruling on loan versus sale was dicta.

Fifth, I sent you the Katz decision, which we recently won against CBSG. It was not a usury decision but it held CBSG improperly filed a COJ and improperly sent UCC lien notices. It also granted emergency injunctive relief, which they violated by failing to comply (only sent a handful of retraction letters) and are still violating.

Sixth, there are at least two decisions against CBSG vacating COJs because they improperly confessed judgment against guarantor (one by Sanchez and one in state court). Let me know if you want them.

Seventh, Norm ignores the growing trend of cases holding that MCAs are loans. I will send you our briefing on this issue so you have it.

Finally, in almost all of my cases against CBSG, I sue the John and Jane Doe investors, claiming they are part of RICO conspiracy and Sanchez upheld those claims in detailed RICO decision I sent you. That is something I would think investors would want to know before investing and becoming a potential defendant in a major class action.

Do you need me to do a counter declaration?

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**From:** Berlin, Amie R. <BerlinA@sec.gov>  
**Date:** Saturday, Aug 15, 2020, 3:04 AM  
**To:** Heskin, Shane <sheskin@whitelandwilliams.com>  
**Subject:** DE 148-12 Ex. J.pdf

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### **The Method: The "Lies on Paper"**

Heskin brought the SEC a group of merchants who were in debt to Par Funding. He got them to sign **Declarations**—sworn statements—claiming that Par Funding never visited their businesses. These merchants had a huge incentive to lie. And Heskin had a huge incentive to conspire because if he settled the Par Funding debt for these merchants he would have stood to make millions in contingency fees. If Par Funding were shut down for fraud, the merchants would not have to pay back millions of dollars in advances.

**EXHIBITS – See False Merchant Declarations where they lied under oath, and the Par Funding On-Site Inspection as proof:**

**LIE: NO ON-SITE INSPECTION**

**DECLARATION OF JOSEPH PUCCI**

I, the undersigned, Joseph Pucci, pursuant to 28 U.S.C. § 1746, declare that:

1. My name is Joseph Pucci, I am over twenty-one years of age, and I have personal knowledge of the matters set forth herein.
2. I previously owned a company called American Heritage Billiards, LLC (the "Company"), which is located in Ohio.
3. In October 2019, Complete Business Solutions Group ("CBSG") loaned the Company \$792,000 (the "Loan") through what CBSG calls its "merchant capital advance" ("MCA") business.
4. I applied to CBSG for the Loan and was the sole source of contact with CBSG on behalf of my Company during the Loan application process and CBSG's underwriting process.
5. At no time did CBSG offer me or my Company insurance of any kind.
6. CBSG did not perform an on-site inspection of my Company before approving the Loan.
7. CBSG did not request information about my Company's expenses during the underwriting process or at any other time prior to approving the Loan.
8. CBSG did not request information about my Company's profit margins during the underwriting process or at any other time prior to approving the Loan.
9. CBSG did not request a debt schedule for my Company during the underwriting process or at any other time prior to approving the Loan.
10. CBSG did not assign me or my Company a personal liaison at CBSG.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on July \_\_, 2020, in Hudson, Ohio.

  
\_\_\_\_\_  
Joseph Pucci

# TRUTH: ON-SITE INSPECTION

		<b>MERCHANT SITE INSPECTION REPORT</b> PHONE: (623) 830-0468 FAX: (623) 830-0569 <a href="http://www.metroinspections.com">www.metroinspections.com</a>			
Metro Order #: 253797		Order Date: OCTOBER 28, 2019			
<b>Business Information:</b> Local Name of Business: AMERICAN HERITAGE BILLIARDS Doing Business As: AMERICAN HERITAGE BILLIARDS DBA GREAT GATHERINGS Address: 630 HONDAL RD WY City/State/Zip: STREETSBORO, OH 44243		Contact Person: JOSEPH PUCCI Work Phone: 330-363-5311 Mobile Phone: Home Phone: Email Address:			
<b>INSPECTION RESULTS</b>					
DATE OF INSPECTION: OCTOBER 28, 2019		TIME OF INSPECTION: 3:00 PM		INSPECTED BY: JOHN BOUCSEK INTERVIEWED: JOSEPH PUCCI, OWNER	
<b>BACKGROUND:</b>					
Type of Business: GAME ROOM FURNITURE Date Established: 1989 # Years Under Current Ownership: 20 YEARS # Years at current location: 20 YEARS					
<b>FACILITIES:</b>					
Business Location Type: COMMERCIAL LOCATION Neighborhood type: COMMERCIAL Is signage present?: YES If yes, Is signage permanent?: YES If yes, signage matches exact business name provided? YES Condition of building: WELL KEPT Approximate Square Footage: 10,000+					
<b>STAFFING:</b>					
Name of Owner/Principal: JOSEPH PUCCI # of Full-time Employees: 10 # of Part-time Employees: 10 # of Contract Labor: NA					



Metro Order #: 253797

**OPERATIONS:**

Business Days/Hours of Operation: MONDAY - FRIDAY  
 Hours: 9:00 AM to 2:00 PM

Professional Licenses/Certs Observed?: YES  
 Business License Observed?: YES  
 Type of Business?: GAME ROOM FURNITURE

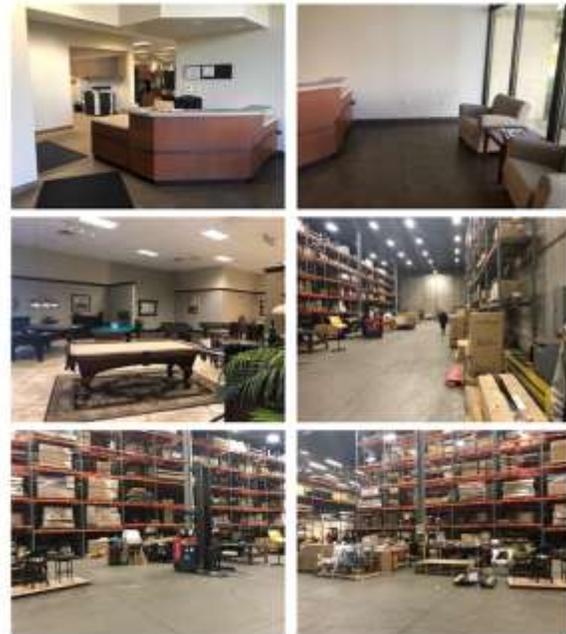
Inventory/Facilities Consistent with Business Type?: YES  
 Condition of Equipment, Supplies and Inventory: NEW  
 Were relevant supplies and inventory observed?: YES  
 If yes, Approx. # of supplies/inventory observed: 51-100  
 Does Merchant have a credit card terminal on-site?: NO

**BUSINESS:**

Indication Merchant is going out of Business: NO, N/A  
 Indication Business is for Sale? NO, N/A  
 Plans to relocate? NO  
 If Yes, Where/How Address?: N/A, N/A  
 Marketing Materials Observed? YES  
 If Yes, describe: BUSINESS CARD  
 Website URL: WWW.AMERICANHERITAGEBILLIARDS.COM  
 # of Customers Observed on-site during Site Visit: NONE  
 Is Business Currently Operating?: YES  
 Does Business Appear to Be Legitimate?: YES

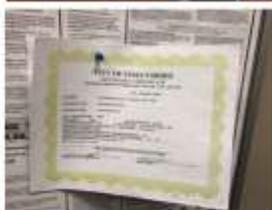
**ADDITIONAL INFORMATION**

THIS IS THE FINAL REPORT. THE NUMBER OF YEARS AT THE CURRENT LOCATION HAS BEEN ADDED TO THE REPORT.

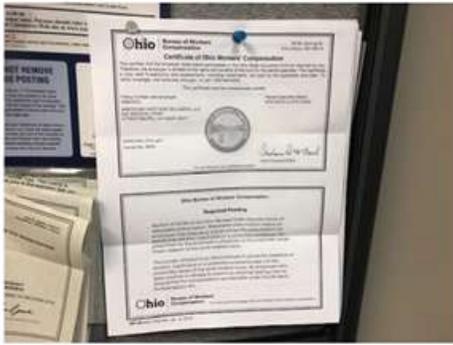


A page from the 2019-20 Program brochure showing a table of contents with various sections and page numbers.

A page from the 2019-20 Program brochure titled "American Heritage School" with several paragraphs of text.

A page from the 2019-20 Program brochure titled "Table of Contents" with a list of sections and page numbers.

A page from the 2019-20 Program brochure featuring a photograph of a building and several paragraphs of text.



## LIE: NO ON-SITE INSPECTION

Case 9:20-cv-81205-RAR Document 23-6 Entered on FLSD Docket 07/27/2020 Page 1 of 1

### **DECLARATION OF MICHAEL Foti**

I, the undersigned, Michael Foti, pursuant to 28 U.S.C. § 1746, declare that:

1. My name is Michael Foti, I am over twenty-one years of age, and I have personal knowledge of the matters set forth herein.
2. I own a company called SRA HOME PRODUCTS (the "Company"), which is located in New Jersey.
3. In June 2019, Complete Business Solutions Group ("CBSG") made a loan to the Company in the amount of \$525,000 (the "Loan") through what CBSG calls its "merchant capital advance" ("MCA") business.
4. The Loan was underwritten by CBSG in less than 48 hours from the time I applied.
5. At no time did CBSG offer me or the Company insurance of any kind.
6. CBSG did not perform an on-site inspection of the Company prior to approving the Loan.
7. CBSG did not interview me before approving the Loan.
8. To my knowledge, CBSG did not perform a background check on me during the underwriting process or at any time prior to approving the Loan.
9. CBSG did not request information showing the Company's profit margins or expenses during the underwriting process or at any other time prior to approving the Loan.
10. CBSG did not request a debt schedule for the Company during the underwriting process or at any other time prior to approving the Loan.
11. CBSG did not assign me or the Company a liaison.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on this 7<sup>th</sup> day of July 2020 in Burlington County, NJ.

  
Michael Foti

# TRUTH: ON-SITE INSPECTION

		<b>MERCHANT SITE INSPECTION REPORT</b> PHONE 1623 930-0486 FAX 1623 930-0562 <a href="http://www.metroinspections.com">www.metroinspections.com</a>			
Metro Order #: 229532		Order Date: JUNE 4, 2019			
<b>Business Information:</b> Legal Name of Business: <b>SHAWDOCK AMERICA</b> Doing Business As: <b>SRA HOME PRODUCTS</b> Address: <b>1041 GLASSBORO ROAD SUITE 01</b> City/State/Zip: <b>WILLIAMSTOWN, NJ 08094</b>		<b>Contact Person: MICHAEL FOTI</b> Work Phone: <b>847-445-8511</b> Mobile Phone: Home Phone: Email Address:			
<b>INSPECTION RESULTS</b>					
<b>DATE OF INSPECTION:</b> JUNE 5, 2019		<b>TIME OF INSPECTION:</b> 10:00 AM		<b>INSPECTED BY:</b> PATRICIA MARDONE <b>INTERVIEWED:</b> MICHAEL FOTI, PRESIDENT	
<b>BACKGROUND:</b>					
Type of Business: PATIO PRODUCTS Date Established: 2009 # Years Under Current Ownership: 10 YEARS # Years at current location: 10 YEARS					
<b>FACILITIES:</b>					
Business Location Type: COMMERCIAL LOCATION Neighborhood Type: COMMERCIAL Is signage present?: YES If yes, is signage prominent?: YES If yes, signage matches exact business name provided? YES Condition of building: WELL KEPT Approximate Square Footage: 2,000-5,000					
<b>STAFFING:</b>					
Names of Owner/Principal: MICHAEL FOTI # of Full-time Employees: 10 # of Part-time Employees: N/A # of Contract Labor: N/A					

Metro Order #: 229532

<b>OPERATIONS:</b>	
<b>Business Days/Hours of Operation:</b> MONDAY - FRIDAY Hours: 7:00 AM to 6:00 PM <b>Professional Licenses/Certs Observed?:</b> YES <b>Business Licenses Observed?:</b> YES <b>Type of Business?:</b> PATIO PRODUCTS <b>Inventory/Facilities Consistent with Business Type?:</b> YES <b>Condition of Equipment, Supplies and Inventory:</b> GOOD <b>Were relevant supplies and inventory observed?:</b> YES <b>If yes, Approx. # of supplies/inventory observed:</b> 101+ <b>Does Merchant have a credit card terminal on site?:</b> NO	
<b>BUSINESS:</b>	
<b>Indication Merchant is going out of Business:</b> NO <b>Indication Business is for Sale?</b> NO <b>Plans to relocate?</b> NO <b>If Yes, When/How Address?:</b> N/A, N/A <b>Marketing Materials Observed?:</b> YES <b>If Yes, describe:</b> PL, FB, IG <b>Website URL:</b> WWW.SRAHOMEPRODUCTS.COM <b># of Customers Observed on site during Site Visit:</b> NONE <b>Is Business Currently Operating?:</b> YES <b>Does Business Appear to be Legitimate?:</b> YES	
<b>ADDITIONAL INFORMATION</b>	





**LIE: NO ON-SITE INSPECTION**

**DECLARATION OF JULIE CARICATO**

I, the undersigned, Julie Caricato, pursuant to 28 U.S.C. § 1746, declare that:

1. My name is Julie Caricato, I am over twenty-one years of age, and I have personal knowledge of the matters set forth herein.

2. I own a company called Indoor Playgrounds Int'l (the "Company"), which is located in Surprise, AZ.

3. In [Month] 201[ ], Complete Business Solutions Group ("CBSG") made a loan to my Company in the amount of \$\_\_\_ (the "Loan") through what CBSG calls its "merchant capital advance" ("MCA") business.

4. I applied to CBSG for the Loan and was the contact with CBSG on behalf of my Company during the Loan application process and CBSG's underwriting process.

5. My Loan was underwritten by CBSG in less than 48 hours.

6. CBSG did not perform an on-site inspection of my Company prior to approving the Loan, or at any other time.

7. At no time did CBSG offer me or my Company insurance of any kind.

8. CBSG did not perform a credit check.

9. CBSG did not request information about my Company's expenses during the underwriting process or at any other time prior to approving the Loans.

10. CBSG did not request information about my Company's profit margins during the underwriting process or at any other time prior to approving the Loans.

11. CBSG did not request information about my Company's account receivables during the underwriting process or at any other time prior to approving the Loans.

12. CBSG did not request a debt schedule for my Company during the underwriting process or at any other time prior to approving the Loans.

I declare under penalty of perjury that the foregoing is true and correct.

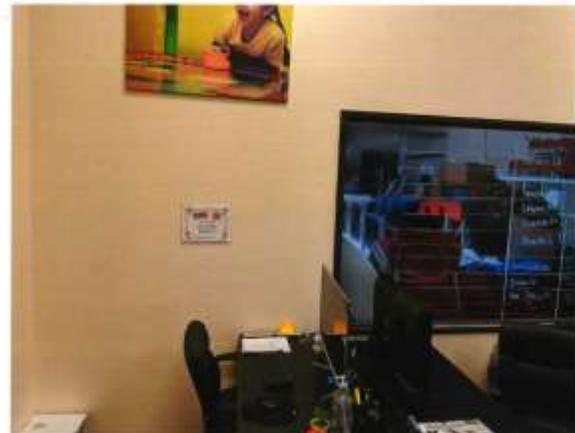
Executed on July 8, 2020, Surprise, AZ

  
Julie Caricato

**TRUTH: ON-SITE INSPECTION**



*Funtime*



**LIE: NO ON-SITE INSPECTION**

**DECLARATION OF JIM FROST**

I, the undersigned, James Frost, pursuant to 28 U.S.C. § 1746, declare that:

1. My name is James Frost, I am over twenty-one years of age, and I have personal knowledge of the matters set forth herein.

2. I own a company called NationalRx, Inc (the "Company"), which is located in Tennessee.

3. In April 2016, Complete Business Solutions Group ("CBSG") made a loan to the Company in the amount of \$40,000 (the "Loan") through what CBSG calls its "merchant capital advance" ("MCA") business.

4. The Loan was underwritten by CBSG in less than 48 hours from the time I applied.

5. At no time did CBSG offer me or the Company insurance of any kind.

6. CBSG did not perform an on-site inspection of the Company prior to approving the Loan.

7. CBSG did not interview me before approving the Loan.

8. To my knowledge, CBSG did not perform a background check or credit check on me during the underwriting process or at any time prior to approving the Loan.

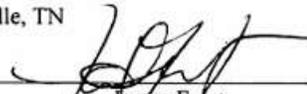
9. CBSG did not request information showing the Company's profit margins, expenses, or accounts receivable during the underwriting process or at any other time prior to approving the Loan.

10. CBSG did not request a debt schedule. for the Company during the underwriting process or at any other time prior to approving the Loan. CBSG did ask and received bank statements with the initial underwriting process.

11. CBSG did not assign me or the Company a liaison.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on July 12, 2020, in Knoxville, TN

  
James Frost

**TRUTH: ON-SITE INSPECTION**

**METRO INSPECTIONS** MERCHANT CITY INSPECTION REPORT  
 PHONE (823) 335-0466 FAX (823) 335-0546  
 www.metroinspections.com

**PAR FUNDING**

Metro Order #: 186614 Order Date: APRIL 5, 2018

**Business Information:**  
 Type of Business: NATIONAL RX  
 Company Name: NATIONAL RX  
 Address: 2519 BELLEFLORE BLVD WY  
 City/State: KNOXVILLE, TN 37913  
 Phone: (615) 596-1234  
 Mobile Phone: UNASSIGNED W/ST DO NOT CALL  
 Home Phone: [REDACTED]  
 Email Address: [REDACTED]

**INSPECTION RESULTS**

DATE OF INSPECTION: APRIL 5, 2018 TIME OF INSPECTION: 1:00 PM INSPECTED BY: GUSTIN FORNER  
 INTERVIEWED: TRACY CARL, PHARMACY MANAGER

**BACKGROUND:**  
 Type of Business: DISTRIBUTOR / SUPPLIERS  
 Date Established: 2011  
 # Years Under Current Ownership: 7 YEAR  
 # Years at current location: 1 YEAR

**FACILITIES:**  
 Business Location Type: COMMERCIAL LOCATION  
 Neighborhood Type: COMMERCIAL  
 Is signage present?: YES  
 If yes, is signage permanent?: YES  
 If yes, signage reflects exact business name provided?: YES  
 Condition of building: GOOD  
 Approximate Square Footage: 3,000 - 5,000

**STAFFING:**  
 Names of Owner/Principal(s) on file: [REDACTED]  
 # of Full-time Employees: 1  
 # of Part-time Employees: No  
 # of Contract Labor: No

Metro Order #: 186614

**OPERATIONS:**  
 Business Days/Hours of Operation: MONDAY, TUESDAY, WEDNESDAY, THURSDAY, FRIDAY, SATURDAY  
 Professional License/Certs Observed?: YES  
 Business License Observed?: YES  
 Type of Business?: DISTRIBUTOR / SUPPLIERS  
 Inventory/Facilities Observed with Business Type?: YES  
 Location of Equipment, Supplies and Inventory: N/A  
 Were relevant supplies and inventory observed?: YES  
 If yes, Approx. # of supplies/inventory observed: 100 +

**BUSINESS:**  
 Indication Merchant is going out of Business: NO  
 Indication Business is for Sale?: NO  
 Plans to relocate?: NO  
 If Yes, When/How Address?: N/A, N/A  
 Marketing Materials Observed?: YES  
 If Yes, describe: BROCHURES, BUSINESS CARDS  
 Website URL: WWW.NATIONALRX.COM  
 # of Customers Observed on site during the visit: NONE  
 Is Business Currently Operating?: YES  
 Does Business Appear to be Legitimate?: YES

**ADDITIONAL INFORMATION:**  
 BUSINESS IS OPEN FROM 9AM TO 5:30 PM ON MONDAYS TO FRIDAYS, AND 10:00AM TO 5:00 PM ON SATURDAYS.





**LIE: NO ON-SITE INSPECTION**

**DECLARATION OF PAMELA A. FLEETWOOD**

I, the undersigned, Pamela A. Fleetwood, pursuant to 28 U.S.C. § 1746, declare that:

1. My name is Pamela A. Fleetwood, I am over twenty-one years of age, and I have personal knowledge of the matters set forth herein.
2. Together with my husband, Robert L. Fleetwood, I own a company called Fleetwood Services, LLC (the "Company"), which is located in Dallas, Texas.
3. In January 2017, Complete Business Solutions Group ("CBSG") made a loan to the Company in the amount of \$370,000 (the "Loan") through what CBSG calls its "merchant capital advance" ("MCA") business.
4. My husband and I applied to CBSG for the Loan and we were the sole contacts with CBSG on behalf of our Company during the Loan application process and CBSG's underwriting process.
5. The Loan was underwritten by CBSG in less than 48 hours from the time we applied.
6. At no time did CBSG offer me or the Company insurance of any kind.
7. CBSG did not perform an on-site inspection of the Company prior to approving the Loan.
8. CBSG did not perform a background check on me during the underwriting process or at any time prior to approving the Loan.
9. CBSG did not perform a personal interview of me during the underwriting process or at any time prior to approving the Loan.
10. CBSG did not request a debt schedule for the Company during the underwriting process or at any other time prior to approving the Loans.
11. CBSG did not assign me or the Company a liaison.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on July 8, 2020, in Dallas, Texas.

  
Pamela A. Fleetwood

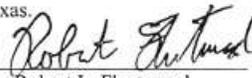
**DECLARATION OF ROBERT L. FLEETWOOD**

I, the undersigned, Robert L. Fleetwood, pursuant to 28 U.S.C. § 1746, declare that:

1. My name is Robert L. Fleetwood, I am over twenty-one years of age, and I have personal knowledge of the matters set forth herein.
2. Together with my wife, Pamela A. Fleetwood, I own a company called Fleetwood Services, LLC (the "Company"), which is located in Dallas, Texas.
3. In January 2017, Complete Business Solutions Group ("CBSG") made a loan to the Company in the amount of \$370,000 (the "Loan") through what CBSG calls its "merchant capital advance" ("MCA") business.
4. My wife and I applied to CBSG for the Loan and we were the sole contacts with CBSG on behalf of our Company during the Loan application process and CBSG's underwriting process.
5. The Loan was underwritten by CBSG in less than 48 hours from the time we applied.
6. At no time did CBSG offer me or the Company insurance of any kind.
7. CBSG did not perform an on-site inspection of the Company prior to approving the Loan.
8. CBSG did not perform a background check on me during the underwriting process or at any time prior to approving the Loan.
9. CBSG did not perform a personal interview of me during the underwriting process or at any time prior to approving the Loan.
10. CBSG did not request a debt schedule for the Company during the underwriting process or at any other time prior to approving the Loans.
11. CBSG did not assign me or the Company a liaison.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on July 8, 2020, in Dallas, Texas.

  
Robert L. Fleetwood

**TRUTH: ON-SITE INSPECTION**



Metro Order #: 125964 Order Date: JANUARY 4, 2017

**Business Information:**  
**Legal Name of Business:** FLEETWOOD SERVICES, LLC  
**Doing Business As:** FLEETWOOD SERVICES, LLC  
**Address:** 4511 WILLOW KNIGHT  
**City/State/Zip:** DALLAS, TX 75229  
**Contact Person:** ROBERT FLEETWOOD  
**Work Phone:** UNANNOUNCED VISIT  
**Mobile Phone:**  
**Home Phone:**  
**Email Address:**

**INSPECTION RESULTS**

**DATE OF INSPECTION:** JANUARY 3, 2017  
**TIME OF INSPECTION:** 11:00 AM  
**INSPECTED BY:** MARCOES MILLS  
**INTERVIEWED:** ROBERT FLEETWOOD, OWNER

**BACKGROUND:**  
**Type of Business:** SPORTS FIELD GRADING AND MAINTENANCE  
**Date Established:** APR. 15, 2010  
**# Years Under Current Ownership:** 6 YEARS  
**# Years at current location:** 6 YEARS

**FACILITIES:**  
**Business Location Type:** COMMERCIAL LOCATION  
**Neighborhood Type:** RESIDENTIAL  
**Is signage present?:** YES  
**If yes, is signage permanent?:** YES  
**If yes, signed matches exact business name provided?:** YES  
**Condition of building:** WELL KEPT  
**Approximate Square Footage:** 3,000 - 3,500

**STAFFING:**  
**Names of Owner/Principal (RM) AND:** ROBERT FLEETWOOD  
**# of Full-Time Employees:** 3  
**# of Part-Time Employees:** 13  
**# of Contract Labor:** N/A

**OPERATIONS:**

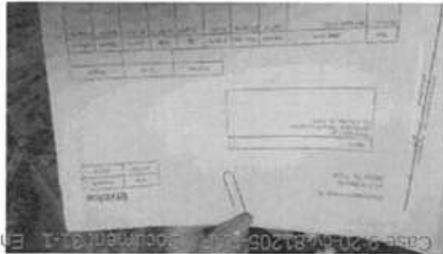
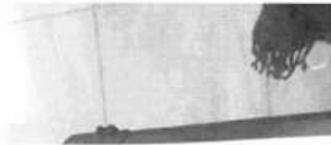
**Business Days/Hours of Operation:** MONDAY, TUESDAY, WEDNESDAY, THURSDAY, FRIDAY  
**Hours:** 9:00 AM to 4:30 PM  
**Professional Licenses/Certs Observed?:** YES  
**Business License Observed?:** YES  
**Type of Business:** SPORTS FIELD GRADING AND MAINTENANCE  
**Inventory/Facilities Consistent with Business Type?:** YES  
**Condition of Equipment, Supplies and Inventory:** GOOD  
**Were relevant supplies and inventory observed?:** N/A FOR THIS TYPE OF BUSINESS  
**If yes, Approx. # of supplies/inventory observed:** N/A

**BUSINESS:**

**Indication Merchant is going out of Business:** NO, N/A  
**Indication Business is for Sale?** NO, N/A  
**Plans to relocate?** NO  
**If Yes, When/New Address?:** N/A, N/A  
**Marketing Materials Observed?:** YES  
**If Yes, describe:** BUSINESS CARDS  
**Website URL:** WWW.FLEETWOODSERVICES.NET  
**# of Customers Observed on-site during the Visit:** NONE  
**Is Business Currently Operating?:** YES  
**Does Business Appear to be Legitimate?:** YES

**ADDITIONAL INFORMATION**





Case 2:20-cv-01205-2018 Document 91-1 Entered on FLSD Docket 07/27/2022 Page 6 of 6

**LIE: NO ON-SITE INSPECTION**

**DECLARATION OF MARY CARLETON**

I, the undersigned, Mary Carleton, pursuant to 28 U.S.C. § 1746, declare that:

1. My name is Mary Carleton, I am over twenty-one years of age, and I have personal knowledge of the matters set forth herein.

2. I own a company called CapJet (the "Company"), which is located in Houston, Texas.

3. In August of 2019, Complete Business Solutions Group ("CBSG") made a loan to my Company in the amount of \$112,536.13 (the "Loan") through what CBSG calls its "merchant capital advance" ("MCA") business.

4. I applied to Fast Advance Funding a broker for the Loan and was the contact with CBSG on behalf of my Company during the Loan application process and CBSG's underwriting process.

5. CBSG did not perform an on-site inspection of my Company prior to approving the Loan, or at any other time.

6. At no time did CBSG offer me or my Company insurance of any kind.

7. CBSG did not request information from me or the Company about the Company's expenses during the underwriting process or at any other time prior to approving the Loans.

8. CBSG did not request information from me or the Company about the Company's profit margins during the underwriting process or at any other time prior to approving the Loans.

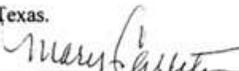
9. CBSG did not request information from me or the Company about the Company's account receivables during the underwriting process or at any other time prior to approving the Loans.

10. CBSG did not request a debt schedule for the Company during the underwriting process or at any other time prior to approving the Loans.

11. CBSG assigned the Company a liaison, but the liaison never returned my telephone calls.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on July 7, 2020, in Houston, Texas.

  
\_\_\_\_\_  
Mary Carleton

**TRUTH: ON-SITE INSPECTION**



**MERCHANT SITE INSPECTION REPORT**  
 PHONE (623) 930-0466  
 FAX (623) 935-0560  
[WWW.METROINSPECTIONS.COM](http://WWW.METROINSPECTIONS.COM)



Metro Order #: 219633 Order Date: MARCH 25, 2019

<b>Business Information:</b>		<b>Contact Person: CRAIG CAMPBELL</b>	
Single Name of Business: CAPITALJET	Work Phone: 632-474-4905	Mobile Phone: 632-474-4505	
Doing Business As: CAPITALJET	Address: 33200 BLUMH AVE	Harris Phone: 612-350-4538	
City/State/Zip: HOUSTON, TX 77284	Email Address:		

**INSPECTION RESULTS**

<b>DATE OF INSPECTION:</b> MARCH 26, 2019	<b>TIME OF INSPECTION:</b> 04:47 PM	<b>INSPECTED BY:</b> RUSSE BAMBISTA <b>INTERVIEWED:</b> CRAIG CAMPBELL, VICE PRESIDENT
--	--	---

**BACKGROUND:**

Type of Business: AIR CARRIER SERVICES  
 Date Established: 2005  
 # Years Under Current Ownership: 19 YEARS  
 # Years at current location: 2 MONTHS

**FACILITIES:**

Business Location Type: COMMERCIAL LOCATION  
 Neighborhood Type: COMMERCIAL  
 Is signage present?: YES  
 If yes, is signage permanent?: NO. NO SIGNAGE IS A CARDBOARD SIGN  
 If yes, signage matches exact business name provided?: YES  
 Condition of Building: NEW  
 Approximate Square Footage: 2,001-5,000

**STAFFING:**

Names of Owner/Principal: CRAIG CAMPBELL  
 # of Full-time Employees: 10  
 # of Part-time Employees: N/A  
 # of Contract Labor: N/A



Metro Order #: 219633

**OPERATIONS:**

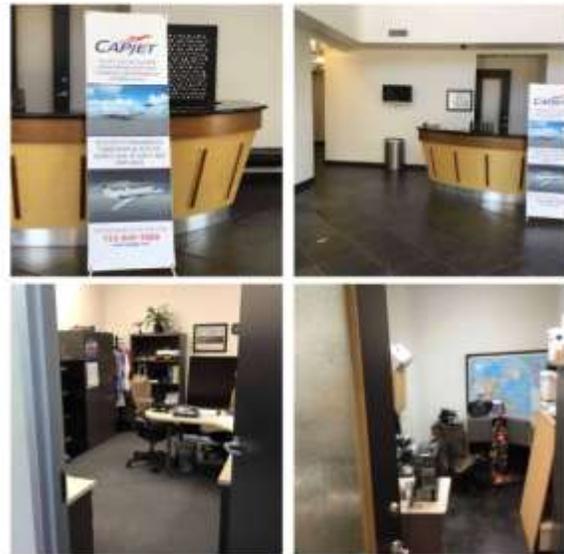
Business Days/Hours of Operation: 24x7  
 Professional Licenses/Certs Observed?: NO  
 Business License Observed?: NO  
 Type of Business?: AIR CARRIER SERVICES  
 Inventory Facilities Consistent with Business Type?: YES  
 Condition of Equipment, Supplies and Inventory: EXCEL  
 Were relevant supplies and inventory observed?: N/A FOR THIS TYPE OF BUSINESS  
 If yes, Approx. # of supplies/inventory observed?: N/A  
 Does Merchant have a credit card terminal on-site?: YES

**BUSINESS:**

Indication Merchant is going out of Business?: NO  
 Indication Business is For Sale?: NO  
 Plans to relocate?: NO  
 If Yes, When/How Address?: N/A, N/A  
 Marketing Materials Observed?: NO  
 If Yes, describe?: N/A  
 Website URL?: N/A  
 # of Customers Observed on-site during Site Visit: NONE  
 Is Business Currently Operating?: YES  
 Does Business Appear to be Legitimate?: YES

**ADDITIONAL INFORMATION:**

THIS IS THE FINAL REPORT. PER MERCHANT, THEIR CREDIT CARD TERMINAL IS STILL PACKED AWAY. THEY JUST MOVED INTO THE LOCATION AND IT HAS NOT BEEN SET UP OR UNPACKED YET.





**LIE: NO ON-SITE INSPECTION**

**DECLARATION OF CHAD FROST**

I, the undersigned, Chad Frost, pursuant to 28 U.S.C. § 1746, declare that:

1. My name is Chad Frost, I am over twenty-one years of age, and I have personal knowledge of the matters set forth herein.
2. I served as treasurer and am now a consultant for a company called Volunteer Pharmacy (the "Company"), which is located in Knoxville, Tennessee.
3. In June 2016, Complete Business Solutions Group ("CBSG") made a loan to the Company in the amount of \$100,000 (the "Loan") through what CBSG calls its "merchant capital advance" ("MCA") business.
4. I applied to CBSG for the Loan and was the sole contact with CBSG on behalf of the Company during the Loan application process and CBSG's underwriting process.
5. The Loan was underwritten by CBSG in less than 48 hours from the time I applied.
6. At no time did CBSG offer me or the Company insurance of any kind.
7. CBSG did not perform a personal on-site inspection of the Company prior to approving the Loan. The only time CBSG visited the Company or sent someone to visit me was when it threatened with me physical violence after I missed payments.
8. To my knowledge, CBSG did not perform a background check on me during the underwriting process or at any time prior to approving the Loan.
9. CBSG did not request a debt schedule for the Company during the underwriting process or at any other time prior to approving the Loan.
10. CBSG did not request the Company's profit margins during the underwriting process or at any other time prior to approving the Loan.
11. CBSG did not request information about the Company's accounts receivable during the underwriting process or at any other time prior to approving the Loan.
12. CBSG did not assign me or the Company a liaison.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on July 14, 2020, in Knoxville, Tennessee.

  
Chad Frost

**TRUTH: ON-SITE INSPECTION**

Same Day Merchant Site



File #: 245

Job #: PAR-10003-104409

Business/Property Information:

Name: **Volunteer Pharmacy**  
 Address Street: **2559 Willow Point Way**  
 Address City: **Keeville**  
 State: **TN** Zip: **37831**  
 Inspection For: **Per Funding**

Contact:  
 Web Phone:  
 Mobile Phone:  
 Home Phone:  
 Email:

Inspection Date: 6/3/2015

Inspection Time: 1:33

Inspector Address Type:

Commercial  Residence

Approximate square footage of merchant's interior space:

0 - 500  501 - 1,000  1,001 - 3,000  Over 5,000

Type of Business:

NA

# Of Employees:

NA

Person Interviewed:

NA

Name of Business Owner:

NA

Merchant Business Details:

Is the merchant currently open for business?

YES  NO

If No, explain below

Does the business appear to be legitimate?

YES  NO

If No, explain below

(e.g., inventory, customers, furnishings, etc...)

UNSURE

Is the business located at the address listed on the order?

YES  NO

If No, explain below

Is there permanent signage that matches the name listed on the order?

YES  NO

If No, explain below

Is there any indication that the merchant may be going out of business?

YES  NO

If Yes, explain below

Is there any indication that the business may be for sale?

YES  NO

If Yes, explain below

How long has the business been at the current location?

under construction

(Specify YEARS, MONTHS, or WEEKS)

Number of credit card machines at this location?

0

PHOTO Confirmations: (photos must be clear enough to read info on machine)

Exterior photos of building taken (show address if possible):

YES  NO

Why?

Interior photos taken (inventory, customer area, office space, etc...):

YES  NO

Why?

Not open

Close up photo of merchant's credit card machine taken:

YES  NO

Why?

Not open

Clear and readable photos of ALL licensing:

YES  NO

Why?

Not open

Comments: This business is just in the beginning phases of construction. No one was there to speak with but signs hanging announcing the business opening.

Inspection Photos



**LIE: NO ON-SITE INSPECTION**

**DECLARATION OF SEAN WHALEN**

I, the undersigned, Sean Whalen, pursuant to 28 U.S.C. § 1746, declare that:

1. My name is Sean Whalen, I am over twenty-one years of age, and I have personal knowledge of the matters set forth herein.
2. I own a company called Flexogenix Group, Inc. (the "Company"), which is located in California.
3. In October, 2018, Complete Business Solutions Group ("CBSG") made a loan to the Company in the amount of \$800,000.00 (the "Loan") through what CBSG calls its "merchant capital advance" ("MCA") business.
4. The Loan was underwritten by CBSG in less than 48 hours from the time I applied.
5. At no time did CBSG offer me or the Company insurance of any kind.
6. CBSG did not perform an on-site inspection of the Company prior to approving the Loan.
7. To my knowledge, CBSG did not perform a background check on me during the underwriting process or at any time prior to approving the Loan.
8. CBSG did not request information showing the Company's profit margins or expenses during the underwriting process or at any other time prior to approving the Loan.
9. CBSG did not assign me or the Company a liaison.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on this 7th day of July 2020 in Los Angeles, California.

  
Sean Whalen

**TRUTH: ON-SITE INSPECTION**

 <b>MERCHANT SITE INSPECTION REPORT</b> PHONE: (626) 910-0466 FAX: (626) 910-0560 <a href="http://www.metroinspections.com">www.metroinspections.com</a>		
Metro Order #: 155905		Order Date: NOVEMBER 2, 2017
<b>Business Information:</b> Legal Name of Business: FLEXOGENIX Doing Business As: FLEXOGENIX Address: 1001 S HOPE STREET SUITE SUITE 308 City/State/Zip: LOS ANGELES, CA 90015		<b>Contact Person:</b> SEAN WHALEN Work Phone: 213-622-9059 Mobile Phone: 213-222-3867 Home Phone: Email Address:

**INSPECTION RESULTS**

DATE OF INSPECTION: NOVEMBER 6, 2017	TIME OF INSPECTION: 5:00 PM	INSPECTED BY: HECTOR YANEZ MAXINE SHEN, COORDINATOR
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**BACKGROUND:**

Type of Business: ORTHOPEDIC CLINIC  
 Date Established: 08/2011  
 # Years Under Current Ownership: 4 YEARS  
 # Years at current location: 2 YEARS

**FACILITIES:**

Business Location Type: COMMERCIAL LOCATION  
 Neighborhood Type: COMMERCIAL  
 Is signage present?: YES  
 If yes, is signage permanent?: YES  
 If yes, signage matches exact business name provided?: YES  
 Condition of building: WELL KEPT  
 Approximate Square Footage: 1,000-1,500

**STAFFING:**

Names of Owner/Principal: SEAN WHALEN  
 # of Full-time Employees: 15  
 # of Part-time Employees: 1  
 # of Contract Labor: N/A

Metro Order #: 155905

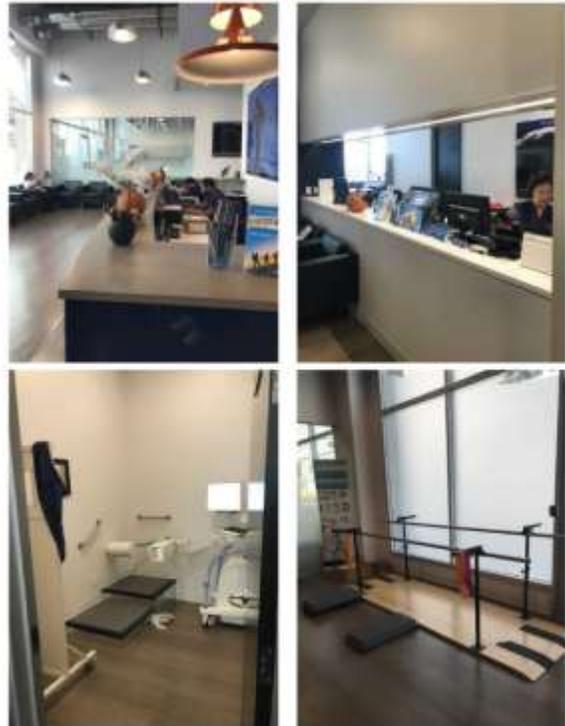
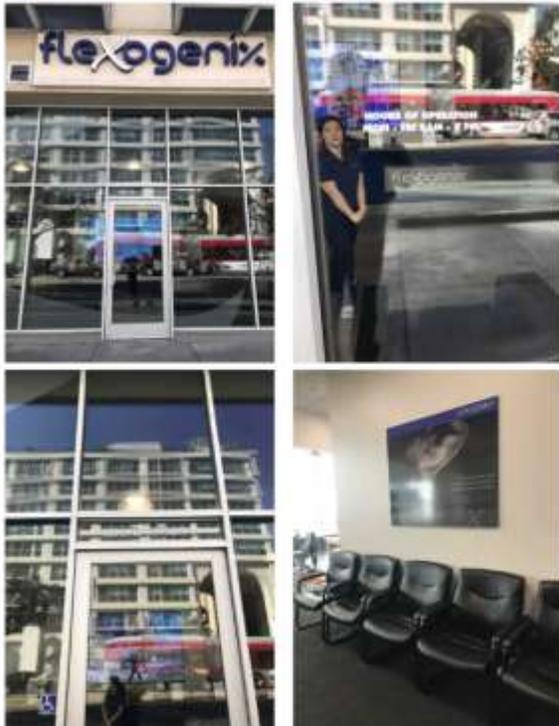
**OPERATIONS:**

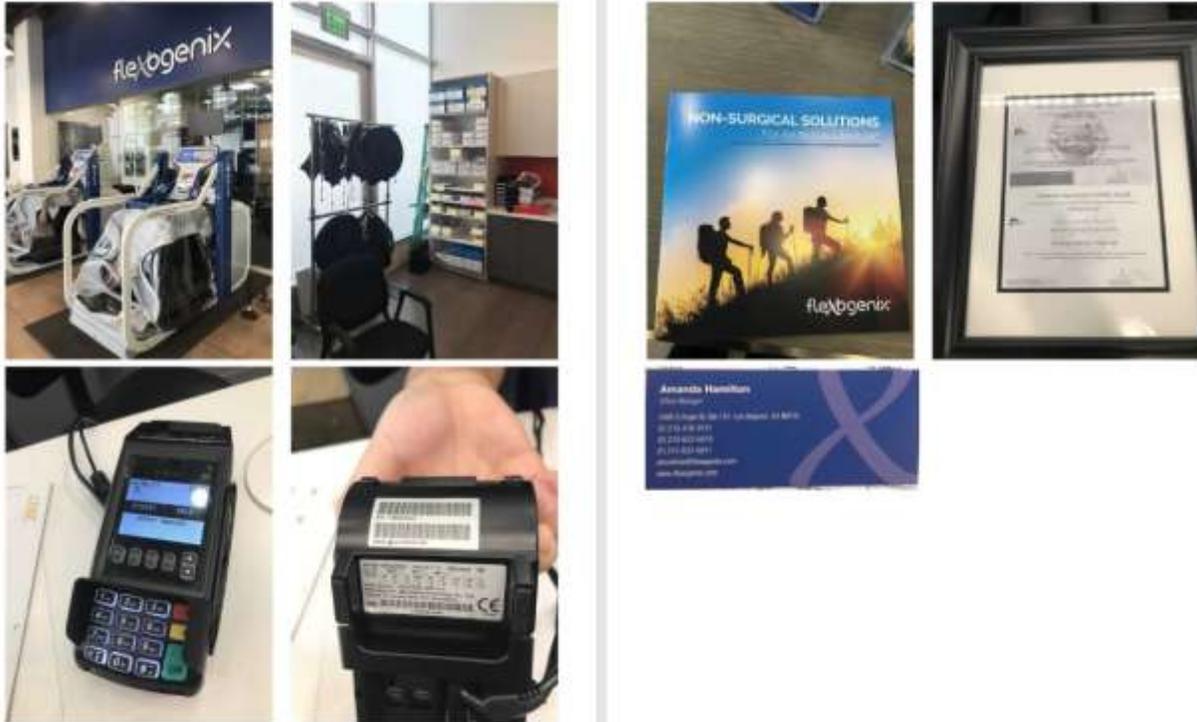
Business Days/Hours of Operation: MONDAY - FRIDAY  
 Hours: 9:00 AM to 5:30 PM  
 Professional Licenses/Certs Observed?: YES  
 Business License Observed?: YES  
 Type of Business?: ORTHOPEDIC CLINIC  
 Inventory/Facilities Consistent with Business Type?: YES  
 Condition of Equipment, Supplies and Inventory: GOOD  
 Were relevant supplies and inventory observed?: YES  
 If yes, Approx. # of supplies/inventory observed: 100+

**BUSINESS:**

Indication Merchant is going out of Business: NO  
 Indication Business is for Sale?: NO  
 Plans to relocate?: NO  
 If Yes, When/New Address?: N/A, N/A  
 Marketing Materials Observed?: NO  
 If Yes, describe: N/A  
 Website URL: WWW.FLEXOGENIX.COM  
 # of Customers Observed inside during site visit: 5+  
 Is Business Currently Operating?: YES  
 Does Business Appear to be Legitimate?: YES

**ADDITIONAL INFORMATION**





### The Failure: The SEC's Blind Eye

If the SEC had acted as a "truth-seeking" body, they would have looked at Par Funding's files first. They never issued a single subpoena; wells notice or even contacted any of Par Fundings counsel to confirm the Underwriting process.

Their playbook was:

- A. get a warrant based on lies.
- B. get access to the homes and offices of the defendants.
- C. appoint ex-prosecutors as Receivers to find a crime.
- D. turn a simple disclosure case into a RICO.

Inside those files were **Metro Inspection reports** and **on-site photos** proving that inspectors *did* visit the businesses. In many cases, the reports even listed the exact time and name of the merchant being interviewed. The SEC ignored this evidence and took shotgun Declarations from lying merchants crafted by Shane Heskin who lost in court on every case.

### The Trigger: The False "Probable Cause"

The SEC took these false statements to a federal judge to get search warrants and an emergency freeze. Because the SEC is a government agency, the judge trusted them. Shouldn't our government agencies be held to a higher standard? And shouldn't they do their own independent research before ruining lives?

### Key Definition: Probable Cause

In simple terms, **Probable Cause** is the "legal excuse" the government needs to search your home or seize your property. They must show enough evidence to make a reasonable person believe a crime was committed. In this case, part of that "evidence" was the group of perjured merchant statements.

**EXHIBIT – See Snippets from the TRO- (These are the lies they told and used to get search warrants so armed federal agents could raid private residences of Joe LaForte and offices of Par Funding based on the lying merchant declarations).**

**This outrageous conduct by Amie Berlin, a federal prosecutor lying to a Federal Judge is the real crime! And to this date none of the lying merchants or the people who conspired were ever questioned or brought to justice for the damage that they have caused!**

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Similarly, in January 2020, Abbonizio told an undercover individual posing as an investor that Par Funding requires three days to complete an underwriting process on a Loan application because Par Funding conducts what he referred to as “the coup de grace” – a personal onsite inspection. He conveyed to her that because of this vigilant process, he felt confident telling her to invest her money in Par Funding.<sup>261</sup>

The representations about Par Funding’s underwriting process are false. In truth, Par Funding does not conduct the rigorous underwriting process it claims it does.<sup>262</sup> In reality, Par Funding does not always conduct on-site inspections of small businesses prior to funding Loans, and approves Loans in less than 48 hours.<sup>263</sup> When Par Funding does conduct an on-site inspection, it sometimes does so after Par Funding has already approved and funded the Loan. For example, Par Funding executed a Loan agreement funded a Loan to a Texas small business on January 4, 2017 and that same day ordered the inspection to occur on January 5, 2017.<sup>264</sup> Further,

at least one small business owner's experience was that the only time Par Funding visited his business, it was to threaten him with violence for missing payments.<sup>265</sup>

Contrary to the rigorous underwriting process Par Funding touts to investors, Par Funding approves and funds Loans to small businesses without obtaining information about the merchant's profit margins, expenses, or debts.<sup>266</sup> Even Par Funding's representation to potential investors that it assigns a liaison to each merchant to cultivate the relationship is false.<sup>267</sup> Recently, LaForte

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<sup>261</sup> **Exhibit 136**, at 37:23-41:1.

<sup>262</sup> **Exhibit 98**, at ¶¶ 2 & 4.

<sup>263</sup> *Id.*; **Exhibit 91** at ¶¶ 2-6; **Exhibit 92** at ¶¶ 2-5; **Exhibit 93** at ¶¶ 2-5 & 7; **Exhibit 94** at ¶¶ 2-5 & 7; **Exhibit 95** at 2-4 & 6; **Exhibit 97** at 2-4 & 7; **Exhibit 100** at ¶¶ 2-5; **Exhibit 102** at ¶ 6; **Exhibit 105** at 2-4 & 6.

<sup>264</sup> **Exhibit 111**, January 5 Inspection report, showing date ordered: January 4; *Fleetwood v. Complete Business Solutions Group*, 18-cv-00268 (E.D. Pa.), at D.E. 1-12 ("On January 4, 2017 CBSG entered into a Factoring Agreement with Plaintiff Fleetwood Services, LLC....").

<sup>265</sup> **Exhibit 85**, at ¶ 7.

<sup>266</sup> **Exhibit 91** at ¶¶ 2-4 and 9-12; **Exhibit 92** at ¶¶ 2-4 and 7-10; **Exhibit 95** at ¶¶ 2-4 and 8; **Exhibit 97** at ¶¶ 2-4 & 9; 2-4 and **Exhibit 99** at ¶¶ 9-10; **Exhibit 100** at ¶¶ 2-4 and 8-11; **Exhibit 102** at ¶¶ 2-4 and 7-9; **Exhibit 105** at ¶¶ 2-3 & 8; **Exhibit 106** at ¶¶ 2-4 and 8-10.

<sup>267</sup> **Exhibit 92** at ¶ 11; **Exhibit 93** at ¶ 11; **Exhibit 94** at ¶ 11; **Exhibit 95** at ¶ 9; **Exhibit 99** at ¶ 11; **Exhibit 102** at ¶ 10; **Exhibit 105** at ¶ 9.

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In sum, the representations to investors about the safety of the investment, through insurance and a rigorous underwriting process, are patently false.<sup>296</sup>

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<sup>290</sup> **Exhibit 25** at ¶¶ 28 & 50 and Exh. E thereto (pg.8 in brochure); **Exhibit 103**, at Exh. C thereto (p. 8 in brochure, pg.15 of 24 of the pdf).

<sup>291</sup> *Id.*

<sup>292</sup> **Exhibit 103**, at ¶ 6.

<sup>293</sup> **Exhibit 18**, at ¶ 14.

<sup>294</sup> **Exhibit 91** at ¶ 7; **Exhibit 92** at ¶ 6; **Exhibit 95** at ¶ 5; **Exhibit 97** at ¶ 5; **Exhibit 99** at ¶ 6; **Exhibit 100** at ¶ 6; **Exhibit 102** at ¶ 5; **Exhibit 105** at ¶ 5; **Exhibit 106** at ¶ 6.

<sup>295</sup> **Exhibit 106**.

<sup>296</sup> **Exhibit 25**, at ¶¶ 49-50; **Exhibit 101**, at ¶ 24; **Exhibit 103**, at ¶¶ 15-16.

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Abbonizio and LaForte touted the Loan default rate, underwriting process, onsite merchant inspections, and insurance while knowing, or being severely reckless in not knowing, that the actual default rate was much higher than claimed and that Par Funding did not, in fact, conduct the rigorous underwriting process or onsite inspections it claimed it did prior to lending small businesses money through the Loans. Par Funding made these same representations in its brochure, which it distributed to investors at solicitation events and meetings from at least August 2019 until July 2020, and which it provided to Vagnozzi and other Agent Fund managers for distribution to investors beginning in no later than March 2018. McElhone, as Par Funding's CEO, and LaForte, as a control person, had control over Par Funding's website, marketing materials and

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<sup>389</sup> See, *U.S. v. Bachynsky*, 415 F. App'x 167, 172 (11th Cir. 2011) (criminal defendant who "held himself out as both a legitimate businessman and a licensed and qualified medical expert" to solicit new investors in a medical company had a duty to disclose to them "that he had prior convictions and had lost his medical license").

Any reasonable investor would have wanted to know Par Funding was not conducting the underwriting process it claimed, doing the on-site inspections Par Funding touted as critical to its lending decision, and that the Loan default rate was about 10 times higher than what the Defendants claimed.<sup>405</sup> Further, any reasonable investor would have wanted to know that contrary

### **The Execution: The TRO and the Receiver**

The judge, believing there was an emergency, signed a **TRO**.

### **Key Definition: TRO (Temporary Restraining Order)**

A **TRO** is a high-speed emergency order. It is often done "ex-parte," meaning in secret. It acts like a "Pause Button" that freezes everything instantly.

The TRO did three devastating things:

1. **Froze everything:** Every bank account, business or personal, was locked.
2. **Appointed a Receiver:** A group of prosecutors were put in charge of the company with no financial experience.
3. **Killed 100 Jobs:** The Receiver immediately fired the entire staff, ending 100 careers in one day.

### **The Conclusion: No Lies, No Case**

The SEC has admitted that the "lack of underwriting" was the **thrust of their case**. This means that without those merchant declarations claiming there were no inspections, the SEC would never have had the "Probable Cause" they needed. That is why if you read the emails from Heskin to his Declarants he tells them to "Hurry"! This proves they had to hurry up. This proves that the SEC did not do their own independent investigation.

If the merchants had not lied, and if the SEC had done its job to check those lies, **this could have potentially been avoided. Every bank in the country receives a subpoena for documents particularly when they have attorneys in house and major firms on the payroll.** It is mystifying that Par Funding never received a single letter prior to the raid of homes and offices. There would be no raids, no frozen accounts, and 100 people would still have their jobs today. The entire "emergency" was built on a foundation of perjury.