

The SEC's Diabolical Walk-Back: The "Ponzi" Lie That Destroyed Par Funding and an Innocent Man

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In what can only be described as a breaking and diabolical sea change in the Par Funding saga, the Securities and Exchange Commission (SEC) has just undercut the entire foundation of its own case.

In a direct email communication to Blackstar News, an SEC spokesman made a stunning admission regarding the Par Funding narrative. The spokesman stated: "In our complaint we never refer to this case as a Ponzi scheme and that they would take issue if you refer to it in any context attributed to the SEC."

This unprecedented walk-back demands immediate scrutiny. The SEC initiated this case. They filed the false and phony Temporary Restraining Order (TRO). They deputized a receiver motivated by a massive \$30 million payday. And now, after the irreversible damage is done, they are attempting to wash their hands of the very label that rigged the game from the start.

The "Ponzi" Label: Corporate Capital Murder

To understand the magnitude of this admission, you must understand what the word "Ponzi" means in the business world. It is the corporate equivalent of capital murder.

The moment that label was weaponized against Par Funding and its owners, it triggered a devastating chain reaction.

The Sea Change: It shifted the legal and public narrative from a disclosures case into a sensationalized crime story, instantly poisoning the well and removing any presumption of standard corporate due process. If it remained a disclosures case (reminder to our readers- we have lawyers on video tape and hundreds of emails confirming the validity of the corporate infrastructure and proper disclosures regarding its filings with the SEC that the attorneys in fact created on behalf of the defendants.)

Asset Annihilation: It became the justification for the total destruction of personal assets.

The Receiver's Net: It provided the absolute foundation for the receiver to relentlessly expand his net, seizing personal property and livelihoods to fuel his exorbitant payday.

A Draconian Sentence: Most tragically, this manufactured narrative served as the cornerstone for handing Joseph LaForte—an innocent man—a staggering 15.5-year sentence.

Massive Financial Penalties: It paved the way for a crushing \$197 million civil judgment and \$314 million criminal judgment based entirely on allegations the SEC is now trying to run from. The embarrassment, the public shame, and the extreme financial hardship inflicted upon Mr. LaForte and his family cannot be put into words. When you research Joseph LaForte or Par Funding today, the first thing the search engines spit out is "Ponzi scheme." Yet, the very agency that lit the match is now claiming they "take issue" with the term. How incredibly convenient.

The Omnibus Hypocrisy: Reviewing DE 1214

If the SEC truly "takes issue" with the Ponzi label, someone needs to inform SEC attorney Amie "Rigged It" Riggle Berlin.

A review of the SEC's own filings—specifically the Omnibus Motion filed under Document Entry (DE) 1214—reveals a stark and undeniable contradiction.

EXHIBIT: SNIPPETS OF PONZI LABELS THROUGHOUT THE MOTION DE 1214 -PLAINTIFF SECURITIES AND EXCHANGE COMMISSION'S OMNIBUS MOTION FOR FINAL JUDGMENTS AGAINST DEFENDANTS JOSEPH LAFORTE, AND LISA MCELHONE

6. Par Funding operated as a Ponzi scheme, as it used investor money to pay purported investment returns to individual and Agent Fund investors. *SEC v. Quiros*, Case No. 2016-cv-21301, 2016 WL 11578637 at *13 (S.D. Fla. Nov. 21, 2016) (“The likelihood that [the defendant] conducted some legitimate business operations does not counteract the existence of a Ponzi scheme because the distributions made to investors were nevertheless funded by other investors' money. In addition, commingling funds “is a common characteristic of a Ponzi scheme.”) (internal citations omitted).

Third, McElhone and LaForte's roles in the offering fraud, together with the fact that they operated Par Funding as a Ponzi scheme warrants the disgorgement figure the SEC seeks. Contrary to the profitable and successful business the defendants touted to investors, Par Funding operated in most years at a deficit, and from 2011 through 2020 Par Funding only netted a total of about \$7 million on the more than \$1 billion Par Funding advanced to merchants through its MCA loan business. While Par Funding only netted \$6 million from sources other than investor funds, Par Funding distributed more than 40 times that amount - about \$300 million - to investors as their purported investment returns and return of principle. In basic terms, Par Funding could not have made these payments to investors without the inflow of new investor funds. This is commonly referred to as a Ponzi scheme. McElhone was the signatory on the bank accounts, and she and LaForte controlled Par Funding together. Par Funding was in the business of loaning small businesses investor money that was raised in a Ponzi scheme, and thus the business resulted from wrongful activity. It is well-established that under these circumstances, business expenditures are not deducted from the disgorgement figure. *See Liu*, 140 S. Ct. at 1945 (referencing Supreme Court precedent that "carved out an exception [for deductions from disgorgement] when the entire profit of a business or undertaking results from the wrongful activity.") (internal quotation marks omitted). Further, because of the nature of the business, commingled accounts, and the fraudulent scheme, it is not possible to determine the amount Par Funding that has "value independent of fueling a fraudulent scheme." *Id.* at 140 S. Ct. at 1950.

How can SEC Attorney, Amie Riggle Berlin now take issue with what she created!

Case 9:20-cv-81205-RAR Document 1214 Entered on FLSD Docket 04/15/2022 Page 47 of 47

assurances against future violations. Nor has he recognized the wrongful nature of his conduct. He has been in the securities industry for years and makes a living selling investments to investors. That is his career. Under these circumstances, a permanent injunction is necessary to deter his future violations.

WHEREFORE, the SEC respectfully requests Final Judgments against McElhone, LaForte, Cole, and Furman, as set forth herein.

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Respectfully submitted,

s/Amie Riggle Berlin

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EXHIBIT: May 19, 2026, Black Star News Article, "Six Years Into Receivership, Amid \$247 Million Recovery, Ex-Par Funding CEO Still Faults Liquidation."

SEC Quote

An SEC spokesperson, in an e-mail message said, "...in our complaint we never refer to this case as a Ponzi scheme so we would take issue if you refer to it as such in any context attributed to the SEC."

In the filings surrounding this case, the SEC deliberately and repeatedly championed the Ponzi scheme narrative to maximize civil penalties, freeze assets, and secure court victories. Throughout the litigation, Riggle Berlin and the SEC pushed the narrative that investor funds were being commingled and used to pay off other investors.

They did not just casually mention it; they hired expert witnesses to try and prove it, litigated it in hearings, and used it as a bludgeon to sway both the civil and criminal courts. Both the judges in the SEC case and the criminal case relied heavily on this aggressively pushed narrative to punish Mr. LaForte.

Now, with an innocent man facing 15.5 years behind bars and half a billion dollars seized, the SEC issues a quiet email to a news agency claiming they never called it a Ponzi scheme in their original complaint. But the Freedom Fighters now have proof that this was a complete lie.

The Silence of the Complicit

Where is the accountability?

The SEC is actively running from the monster they created. The Receiver refuses to return calls from news agencies to comment on this breaking development. The AUSA remains completely mute.

The irony is that Bradley Sharp was called as a witness for the government and opined that Par Funding was in fact a Ponzi scheme. So did Melissa Davis, The SEC's "expert". Both used a non-GAAP, non-accrual methodology to destroy the company and this family. The AUSA used the SEC's "experts" (who we now know lied) instead of retaining their own independent forensic accountants as the defendants did because it fit their narrative and resulted in a trophy -
CONVICTIONS!

They got it wrong, and this internal email is the admission. The foundation of the Par Funding case was built on a sensationalized, lethal buzzword that the SEC is now disavowing. The courts adopted this false narrative, the media amplified it, and an innocent man's life was dismantled because of it.

The truth is finally bleeding out, and it exposes a catastrophic abuse of power that demands immediate legal and public reckoning.