

The Three-Minute Setup: How a Federal Witch Hunt Manufactured a Gun Narrative

It was a rainy evening on July 22, 2020. Joseph LaForte was heading home early from the Philadelphia Par Funding offices to attend what was supposed to be a celebratory dinner in King of Prussia. The guests of honor were "Kevin," a Canadian miner, and "Dawn," his investment advisor.

This dinner marked the sixth time LaForte and his team were meeting with Kevin and Dawn. The prior meetings were full audits, visits to Par Funding's offices, accounting meetings, underwriting meetings, collection meetings to make sure the investment was suitable. After they were satisfied, the duo had committed to a \$15 million investment, and they insisted on hosting a casual dinner to say thank you.

But Kevin and Dawn were not investors. They were undercover FBI agents. And this rainy-night dinner was the culmination of a desperate, calculated setup by a federal government that had spent 30 hours trying—and failing—to find a single crime. There is not a single mention of this duo or any reference to the meetings or any counts in the entire 76 count RICO indictment nor the SECs civil action against LaForte or anyone that culminated from those meetings. This should have served as a referendum that Par Funding was a clean, lawful, and profitable going concern. As the Freedom Fighters have shared in the past the bulk of the indictment and civil complaint were fabrications from Shane Heskin.

The Desperation of the Deep State

To understand the sheer absurdity of what happened that night, you must look at the preceding five meetings. For 30 grueling hours of undercover recordings, these federal agents grilled LaForte and his staff on the minutiae of Par Funding's business operations. They dug into the underwriting processes, the collections, the financials, and the capital raises. They were looking for a smoking gun. They found absolutely nothing. Every single business practice was clean.

The SEC complaint and the criminal indictment would later claim LaForte concealed his identity to hide a criminal past, yet the exact recordings that SEC, FBI, and AUSA were in possession of proved the exact opposite: LaForte introduced himself by his real name directly to the undercover agents.

After 30 hours of compliant, by-the-book business discussions, the feds had zero

criminality. Par Funding was a legitimate operation. But instead of packing up and moving on, the government decided that if they could not find a crime, they would manufacture a narrative.

EXHIBIT: FBI TRANSCRIPTS OF RECORDINGS FROM MULTIPLE MEETINGS -LAFORTE INTRODUCING HIMSELF OR BEING INTRODUCED AS "JOSEPH LAFORTE."

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THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION

In the Matter of:)
) File No. FL-04188-A
UNITED FIDELIS GROUP)

SUBJECT: 35 UCE 2 Recording Part 1
F2672905_0001
PAGES: 1 through 329

AUDIO TRANSCRIPTION

Diversified Reporting Services, Inc.
(202) 467-9200

DECLARATION OF RAYNALDA N. MILORD

Pursuant to 28 U.S.C. Section 1746, the undersigned states as follows:

1. My name is Raynalda N. Milord. I am over twenty-one years of age and have personal knowledge of the matters set forth herein.

2. I am a Senior Paralegal Specialist at the U.S. Securities and Exchange Commission (the "Commission").

3. The Commission received recording files:

0105.001.wav (e6759bd2a310f12fb58a5933c860c4b5);

0105.002.wav (214f074491b2defeb00e3fafa1548f3d);

0105.003.wav (9c6f44848b0fe731ce22680da9713717);

0105.004.wav (c8d85191c83c78b543ebcb70d6908a19);

0105.005.wav (1bdd5808de0ed81ae34d62e886af4fef);

(F2672905_0001.wav (4684ac2bc7e025c655702ee98964a18e);

F2672905_0002.wav (88380843fff58781a013c5e2a77f10a7);

F2672905_0003.wav and (bc809a714916dd00233bc61cf3594362).

4. As part of my duties at the Commission, I sent these audio files to Diversified Reporting Services, Inc. and ordered transcripts.

5. True and correct copies of the transcripts are attached as Exhibit A hereto.

I declare under penalty of perjury that the foregoing is true, correct, and made in good faith.

Executed on this 23rd day of July 2020.


RAYNALDA N. MILORD

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1 MR. MCCARTHY: Thanks.
2 MS. TAYLOR: Hi.
3 MR. ABBONIZIO: Absolutely. Kevin --
4 MS. TAYLOR: (Inaudible) Kevin McCarthy.
5 MR. MCCARTHY: Great to meet you.
6 MR. ABBONIZIO: It's a pleasure. Thank you.
7 Any trouble getting here?
8 MS. TAYLOR: No, not at all.
9 MR. MCCARTHY: Not at all.
10 MR. ABBONIZIO: Wonderful.
11 MS. TAYLOR: Not at all.
12 MR. ABBONIZIO: Come on in on time.
13 MS. TAYLOR: Very good security here.
14 MR. ABBONIZIO: Joe LaForte, Dawn Taylor,
15 Kevin McCarthy.
16 MS. TAYLOR: Good to see you again.
17 MR. MCCARTHY: Gentlemen?
18 MR. LAFORTE: How are you -- I -- what do you
19 do?
20 MS. TAYLOR: I don't know.
21 MR. LAFORTE: How are you?
22 MR. MCCARTHY: Good to meet you.
23 MR. LAFORTE: Joe. Nice to meet you.
24 MR. MCCARTHY: Nice to meet you, Joe.
25 MR. LAFORTE: Pleasure.

The Dinner and the Missing Receipts

When LaForte arrived at the restaurant, Kevin and Dawn were already at the bar. Kevin had a Maker's Mark in hand, Dawn had a glass of wine, and it did not stop there. Over the course of the evening, Kevin downed multiple drinks, and three bottles of wine hit the table. LaForte, on the other hand, was entirely sober.

The evening was lively. There was singing, people were dancing, and Kevin was acting increasingly erratic and visibly drunk. At the end of the night, Kevin aggressively insisted on paying the tab—an unorthodox move for a client, but he would not take no for an answer.

Later, when the defense team demanded the receipts from this dinner to prove just how heavily these federal agents were drinking while on duty, the records mysteriously

vanished. There was no receipt. The FBI had seemingly eliminated the paper trail. But they could not eliminate the fact that LaForte, stone-sober, had to drive these two highly intoxicated federal agents six miles back to their hotel in the pouring rain.

The Three-Minute Walk That Destroyed a Life

As the group was finally walking out the restaurant doors, laughing, and bantering, Kevin's drunken behavior turned bizarre. The conversation somehow shifted to hunting at LaForte's home in Lake Wallenpaupack.

Anyone who has ever spent time on a trading floor, held a Series 7 or 63 license, or survived the high-pressure world of finance knows exactly how Wall Street sales guys talk. It is built on sarcasm, bravado, and diffusing tension with humor.

Kevin, slurring and acting completely nuts, kept pushing this bizarre hunting narrative. To pacify the drunk client and shut down the absurdity, LaForte leaned into the heavy sarcasm.

"*Yea, we'll kill my dogs too,*" LaForte joked, referencing his beloved, highly-trained Belgian Malinois—dogs that anyone who knows him will tell you he treats like royalty.

Kevin, not missing a beat in his drunken stupor, added, "*and people.*"

They walked out the door laughing. It was two guys bantering at the end of a long night. It was an absolute joke.

EXHIBIT: EMAIL FROM LAFORTE'S DEFENSE COUNSEL AFTER LISTENING TO THE FBI RECORDINGS FROM JULY 22, 2020 - ALL PROVING THE GOVERNMENT'S MISLEADING CHARACTERIZATIONS OF LAFORTE.

-----Original Message-----

From: James R. Froccaro Jr. <jrfesq61@aol.com>
To: bmcmonagle@mpmpc.com <bmcmonagle@mpmpc.com>
Sent: Tue, Aug 25, 2020 5:17 pm
Subject: Fwd: US v Joseph LaForte

Brian,

Attached are unredacted and redacted versions of the motion papers, both with exhibits.

FYI, the relevant times on the July 22 recording are as follows:

Nevis

The island comes up several time during the recording (which is just over 4 hours long). Here are the highlights:

1:15:00 - 1:19:00 - UCE 1 (the woman) mentions Nevis for the first time. UCE 2 says it's a great place to put money.

1:37:55 - 1:40:00 - LaForte raises Nevis again. UCE 1 talks about flying cash there. At the end of the conversation, LaForte says he never heard of Nevis.

Guns

3:59:00 - Discussion of guns at LaForte's lake house as everyone is leaving the restaurant.

Other highlight:

45:00 - JL opines that the N.Y. Attorney General's investigation of an MCA (not Par) was "righteous" because borrowers were being threatened.

I will forward the actual recordings to you via a separate email I received from Michael's office.

Take care!

The Illusion of Violence

What happened next is a textbook example of how the liberal democrat administrative state destroys its targets. The FBI took those three minutes of sarcastic banter out of 30 hours of clean business tapes and weaponized it.

They went to a magistrate judge and painted Joseph LaForte not as a businessman, but as a violent arms dealer enforcing usurious loans. They claimed he had an arsenal of sawed-off shotguns and AR-15s. They used this manufactured illusion of violence to secure search warrants for his homes. Six days after that dinner, they raided the Lake Wallenpaupack

house. They went straight to the gun closet. They found nothing. No sawed-off shotguns. No AR-15s. Not even a slingshot.

They raided the Haverford home. The only firearms they found were legally purchased and owned by Ms. McElhone, her father, Mr. McElhone (an avid hunter who had 2 shot guns at the home for hunting) plus an antique movie relic from the set of Centennial, which LaForte's father had acquired during his career as a film makeup artist. There was not a single illegal weapon to be found.

EXHIBIT: AUGUST 25, 2020, MEMORANDUM IN SUPPORT OF MOTION FOR PRETRIAL RELEASE AND REVOCATION OF DETENTION ORDER PG. 10

III. INAPT CITATIONS TO SECTION 922(g) CASES

In holding that violations of § 922(g) are not crimes of violence for purposes of bail, the Third Circuit observed that “possession of a firearm can occur in an array of non-violent circumstances.” *Bowers*, 432 F.3d at 521. “[E]x-felons,” the court wrote, “have the same [non-violent] motives as lawful possessors of firearms to possess a firearm—self-defense, hunting, gun collecting, and target practice.” *Id.* (quoting *United States v. Lane*, 252 F.3d 905, 906 (7th Cir. 2001)). This case illustrates the wisdom of that observation: Mr. LaForte's July 22 statements concerning the “AR-15s” “shotguns” and “rifles” purportedly stored in the “gun rooms” of his family's lake house – aside from being demonstrably false¹⁰ – related to a hunting trip that never took place.¹¹

The case law that the government presented to Judge Heffley concerned gun possession of a different character. For example, in *United States v. Chappelle*, the defendant was a 21-year-old drug user whose criminal history included charges of “burglary, felony possession of marijuana (twice), possession of a concealed weapon,

¹⁰ No firearms were recovered during the July 28 search of the LaForte's lake house.

¹¹ The government omitted the parties' references to hunting in its submission the magistrate. *See* Gov't Mot. at 3.

**EXHIBIT: AUGUST 27, 2020 - GOVERNMENT'S RESPONSE IN OPPOSITION TO
DEFENDANT'S MOTION FOR PRETRIAL RELEASE Pg. 2-3.**

On July 24, 2020, Judge Karoline Mehalchick (USMJ-MDPA) also authorized a search warrant for 105 Rebecca Court, Paupack, PA (another vacation home of LaForte). The search warrant was justified, in part, by a recording made a mere two days earlier in the investigation, on July 22, 2020, when two FBI Undercover Employees (UCE 1 and UCE 2) participated in a meeting with LaForte and one of LaForte's business partners. During the recorded meeting, LaForte discussed owning a home on Lake Wallenpaupack and encouraged the UCEs to come to his residence to shoot firearms. Specifically, the following exchange occurred:

LAFORTE: You know what. I've got... I've got rifles.

UCE 2: We'd be shooting people that live on the lake, probably.

LAFORTE: You know what I'm saying. (inaudible) You've got rifles. I've got rifles.

....

LAFORTE: I've got AR-15s, what do you want bro, come on.

UCE 1: AR-15s (laughing)

UCE 2: Kill everybody.

UCE 1: I'd love to shoot one of those...

LAFORTE: And my dogs.....

UCE 1: Do you have like a lot of cool guns to shoot? Yea, yea? (inaudible)

....

LAFORTE: We've got everything, AR-15s. We've got, uh, sawed off shotguns, rifles. We've got, I don't know, what do you want?

UCE 1: Are they all at the lake? (inaudible)

....

2

LAFORTE: We've got gun rooms up there. Yea. (inaudible)

***THE EXCHANGE ABOVE IS KEVIN (UNDERCOVER FBI AGENT) AND LAFORTE BANTERING WHILE WALKING OUT OF THE RESTAURANT. THIS JOKE TURNED INTO A DEVASTATING TURN OF EVENTS FOR THE LAFORTE FAMILY.**

Poisoning the Well

The total lack of evidence did not matter. The narrative had been set in motion.

The AUSA and the Receiver fed this completely fabricated, mob-like narrative to the media to poison the court and the community of investors. They successfully painted LaForte as a shotgun-wielding criminal. The confirmation bias was so severe that Judge Rodolfo Ruiz in the Southern District of Florida remarked on the record, *"We don't hit people with baseball bats."*

Ruiz got that from the Ex-Parte meetings with the FBI and SEC to bring this action. Ruiz should have been recused just for making that biased statement on the record during a hearing.

EXHIBIT: TRANSCRIPTS FROM SEC STATUS CONFERENCE ON OCTOBER 7, 2020 (Pg. 107)

17 **THE COURT:** And I think that's very important, because
18 this is something that I think is being lost on many investors,
19 because they do believe it is as easy as pick up where Par left
04:28 20 off. The receiver is not going to show up at your storefront
21 with a baseball bat, asking for your money back. That's not
22 how a receiver does their job, because they're in place to do
23 it legally. Whatever was being done anecdotally to get this
24 money back, especially when some of the actual documentation
04:28 25 was lacking or problematic or had legal concerns on its

Violence was never pled in this case. Joseph LaForte has never committed an act of violence. Yet, because of this deeply dishonest, media-driven smear campaign, LaForte was denied bail for 80 days during the height of the COVID-19 pandemic.

This was not a mistake; it was by design. When 30 hours of investigation proved the company was clean, the government manipulated a three-minute useless banter into a criminal indictment. If this does not scare the hell out of every banker, broker, businessman and/or woman and every member of every single golf club in America nothing will. This is how the system operates when it decides you are a target. They turn business cases into mob fantasies, and they do not care whose lives they destroy in the process.