The Weaponization of the SEC: The Par Funding Hoax and the Deep State Playbook

Instead of conducting a fair, impartial investigation—or issuing a standard subpoena and Wells Notice to Par Funding's in-house counsel—SEC Senior Trial Counsel Amie "Rigged It" Riggle Berlin decided to do an end around the proper judicial system. She outsourced the government's investigative duties to a compromised private attorney named Shane Heskin.

This is the hallmark of a two-tiered, rigged justice system: unelected bureaucrats colluding with liberal operatives to destroy a legitimate enterprise.

The SEC's Illegal Outsourcing
Federal law and ethical guidelines strictly prohibit the SEC from delegating its investigative authority to private adversaries who have a financial stake in the outcome. Under the Administrative Procedure Act (APA) and the Standards of Ethical Conduct for Executive Branch Employees (5 CFR Part 2635), government attorneys must maintain strict impartiality. You cannot have a private, conflicted attorney act as a de facto prosecutor to gather unverified evidence.

Furthermore, the SEC's own internal rules regarding the delegation of authority (17 CFR Part 200) were recently exposed as being so poorly overseen that the agency had to revoke the power of rogue staff attorneys to unilaterally launch investigations, returning that power to the full Commission. But during the Par Funding witch hunt, Amie Berlin operated unchecked, using ex-parte communications to collude with Heskin and build a house of cards.

The Compromised Informant
If the SEC had done a shred of due diligence on Shane Heskin, they would have found a deeply disturbing history. Heskin was previously convicted of filming teenage girls, resulting in a prison sentence for sexual misconduct and endangering the welfare of a child.

Exhibit: LA Times News Article

Teen-Ager Sentenced to 2 Months in Jail for Videotaping Sexual Exploits

MAY 5, 1991 | 12 AM

ASSOCIATED PRESS

SOLVAY, N.Y. — A high school senior who secretly videotaped his sexual exploits with two teen-age girls was sentenced to 60 days in jail.

Solvay Village Justice Robert Smolinsky showed no sympathy last week when Shane Heskin, 18, told him a jail sentence and probation would force him to miss graduation ceremonies and ruin his chances of going to college in Minnesota.

> "I'm troubled that I attend civic functions, and people feel the need to tell me that you are a bad person," the judge told Heskin. "You've embarrassed us all. You've humiliated two young ladies."

Smolinsky ordered Heskin to begin serving his time June 19, about four hours after his last school exam.

Heskin, a senior at Solvay High School, pleaded guilty March 27 to one count of sexual misconduct and two counts of endangering the welfare of a child. He videotaped separate sexual encounters with two girls, ages 15 and 16, at his mother's home in Solvay in suburban Syracuse.

Assistant Dist. Atty. Rick Trunfio said Heskin bragged about the tapes at school and showed them to friends.

In addition to the jail term, Heskin was put on three years' probation, and ordered to perform 100 hours of community service.

(For full disclosure, his record was expunged, though it is unknown what levers he or his family pulled to make that happen. The SEC likely saw he was a member of the Bar Association and looked the other way, thirsty for a conviction.)

Heskin's Failed Legal Crusade

Heskin tried to create a cottage industry out of convincing merchants who took lawful cash advances that they were actually "victims." His strategy was simple: sue multiple advance companies with baseless RICO and usury claims and then try to extract a quick settlement.

The problem for Heskin? It is a widely accepted legal fact that merchant cash advances (MCAs) are the purchase of future receivables at a discount, governed by factoring laws—not banking or loan laws. His theories were just that: baseless theories that the courts consistently rejected.

When Heskin targeted Par Funding, Joseph LaForte refused to settle. Heskin took his phony cases to court, and he lost. Having lost in the proper judicial system, Heskin found a willing buyer for his lies in Amie Berlin and the SEC.

Exhibit: Declaration of Norman Valz

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

SECURITIES AND EXCHANGE COMMISSION, Plaintiff, v. COMPLETE BUSINESS SOLUTIONS GROUP, INC. d/b/a PAR FUNDING, *et al.*, Defendants.	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 Judgement 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* agreement 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

(To put this in perspective, the global MCA industry is valued at roughly $20.99 billion. It is highly regulated and mainstream. Heskin's crusade was an attempt to reverse-engineer a takedown of an entire industry for a quick payout.)

The 3:00 A.M. Panic

When the Valz declaration was filed on the docket, it systematically disproved everything Heskin had fed to the SEC about Par Funding. What did Amie Berlin do? She did not launch an independent federal review. Instead, she panicked and emailed Heskin for help at 3:00 A.M., begging for answers. Heskin eagerly replied, asking if she needed him to draft a "counter declaration."

Exhibit: Email from Amie Berlin to Shane Heskin at 3am when she saw Norman Valz's Declaration filed on the record disproving everything Heskin told her about the MCA industry and Par Funding

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

CAUTION: This message originated outside of the firm. Use caution when opening attachments, clicking links or responding to requests for information.

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 Suess 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?

Fraud on the Court: The Perjurious Declarations

When Berlin needed "victims" to build her Temporary Restraining Order (TRO) and SEC complaint, she relied entirely on Heskin. Heskin blasted an urgent group email to the merchants he represented, spoon-feeding them the answers needed to claim Par Funding had a faulty underwriting process.

Exhibit: Blanket email with Subject: "CBSG Underwriting Questions" from Shane Heskin to all the lying Par Funding merchants he represented to absolve them of their debt and contractual obligations. He then forwards their replies to Amie Berlin at the SEC to help her build her case.

From: Heskin, Shane <heskins@whiteandwilliams.com>
Sent: July 6, 2020 8:08 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@fleetwoodservices.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' <shaunalldredge11@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: 2020-07-07T07:03:26-04:00
Importance: Normal
Subject: FW: CBSG Underwriting Questions
Received: 2020-07-07T07:03:36-04:00

;;;;;;;;

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.

From: Sean Whalen <seanwhalen71@gmail.com>
Date: Tuesday, Jul 07, 2020, 12:05 AM
To: Heskin, Shane <heskins@whiteandwilliams.com>
Subject: Re: CBSG Underwriting Questions

CAUTION: This message originated outside of the firm. Use caution when opening attachments, clicking links or responding to requests for information.

Shane,
With respect to all of these questions: they had requested AR report and/or debt schedule (But not every time... typically only bank statements).

Deals were underwritten in 48 hours or less typically and I don't know if they would consider the phone call with Laforte a "personal interview".

Last, I am unaware of any personal credit check or background check (very highly doubt this), but they obviously had SSN, so may have been able to if they wanted to.

No.. to all other items.

Sean

The SEC took these declarations and pasted them directly into the TRO and the official complaint. The SEC never interviewed these merchants. They never asked Par Funding to provide proof of their first-in-class underwriting. They just let Heskin suborn perjury.

Consider this: Par Funding successfully funded over 17,000 deals since 2011. Are we really supposed to believe that the only merchants who had a problem with the underwriting process just happened to be Shane Heskin's clients?

As it turns out, every single one of these declarations was demonstrably fraudulent.

Flexogenics: Sean Whalen claimed under penalty of perjury that no on-site inspection was performed. The truth? Metro Inspections performed a detailed site inspection.

Exhibit: Declaration of Sean Whalen claiming no on-site inspection

Case 9:20-cv-81205-RAR Document 30-4 Entered on FLSD Docket 07/27/2020 Page 1 of 4

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

Exhibit: Flexogenics on-site inspection performed by Metro Inspections

METRO INSPECTIONS

MERCHANT SITE INSPECTION REPORT

PHONE (623) 930-0466
FAX (623) 930-0560
www.metrositeinspections.com

PAR FUNDING.

Metro Order #:155905 | **Order Date: NOVEMBER 2, 2017**

Business Information:

Legal Name of Business:	FLEXOGENIX
Doing Business As:	FLEXOGENIX
Address:	1000 S HOPE STREET SUITE SUITE 103
City/State/Zip:	LOS ANGELES, CA 90015

Contact Person:	SEAN WHALEN
Work Phone:	213-622-6010
Mobile Phone:	213-222-3867
Home Phone:	
Email Address:	

INSPECTION RESULTS

DATE OF INSPECTION: NOVEMBER 6, 2017	**TIME OF INSPECTION: 3:00 PM**	**INSPECTED BY: HECTOR YANEZ INTERVIEWED: MAXINE SHEN, COORDINATOR**

BACKGROUND:

Type of Business: ORTHOPEDIC CLINIC
Date Established: 08/2013
 # 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: 1,001-1,500

STAFFING:

Names of Owner/Principal SEAN WHALEN
# of Full-time Employees: 15
# of Part-time Employees: 5
# of Contract Labor: N/A

Fleetwood Services: Robert and Pamela Fleetwood claimed no on-site inspection was conducted.

Exhibit: Declarations by Robert and Pamela Fleetwood claiming no on-site inspection

Case 9:20-cv-81205-RAR Document 29-2 Entered on FLSD Docket 07/27/2020 Page 1 of 1

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.

Exhibit: Fleetwood Services on-site inspection performed by Metro Inspections-
The owner, Robert Fleetwood was interviewed during the inspection.

METRO INSPECTIONS

MERCHANT SITE INSPECTION REPORT
PHONE (623) 930-0466
FAX (623) 930-0560
www.metrositeinspections.com

PAR FUNDING.

Metro Order #:125904 **Order Date: JANUARY 4, 2017**

Business Information:			
Legal Name of Business:	FLEETWOOD SERVICES LLC	Contact Person:	PAM FLEETWOOD
Doing Business As:	FLEETWOOD SERVICES LLC	Work Phone:	UNANNOUNCED VISIT
Address:	4311 WILLOW STREET	Mobile Phone:	
City/State/Zip:	DALLAS, TX 75226	Home Phone:	
		Email Address:	

INSPECTION RESULTS

DATE OF INSPECTION: JANUARY 5, 2017	**TIME OF INSPECTION: 11:10 AM**	**INSPECTED BY: MARCQUES MILLS** **INTERVIEWED: ROBERT FLEETWOOD, OWNER**

BACKGROUND:

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

FACILITIES:

Business Location Type: COMMERCIAL LOCATION
Neighborhood type: INDUSTRIAL
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: 5,001-7,500

STAFFING:

Names of Owner/Principal PAM AND ROBERT FLEETWOOD
# of Full-time Employees: 9
# of Part-time Employees: 13

Sunrooms America: Michael Foti claimed no on-site inspection was performed.

Exhibit: Declaration of Foti claiming 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 7th day of July 2020 in Burlington County, NJ.

Michael Foti

Exhibit: Sunrooms America on-site inspection performed by Metro Inspections-
The owner, Michael Foti was interviewed during the inspection.

METRO INSPECTIONS

MERCHANT SITE INSPECTION REPORT
PHONE (623) 930-0466
FAX (623) 930-0560
www.metrositeinspections.com

PAR FUNDING.

Metro Order #:229532 **Order Date: JUNE 4, 2019**

Business Information:		
Legal Name of Business:	SUNROOMS AMERICA	Contact Person: MICHAEL FOTI
Doing Business As:	SRA HOME PRODUCTS	Work Phone: 347-446-8611
Address:	1041 GLASSBORO ROAD SUITE D1	Mobile Phone:
City/State/Zip:	WILLIAMSTOWN, NJ 08094	Home Phone:
		Email Address:

INSPECTION RESULTS

DATE OF INSPECTION: JUNE 5, 2019	**TIME OF INSPECTION: 10:00 AM**	**INSPECTED BY: PATRICIA NARDONE INTERVIEWED: MICHAEL FOTI, PRESIDENT**

BACKGROUND:

Type of Business: PATIO PRODUCTS
Date Established: 1999
 # Years Under Current Ownership: 20 YEARS
 # Years at current location: 20 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: 2,001-5,000

STAFFING:

Names of Owner/Principal MICHAEL FOTI
# of Full-time Employees: 20
# of Part-time Employees: N/A
# of Contract Labor: N/A

American Billiards: Joseph Pucci claimed no on-site inspection was performed.

Exhibit: Declaration of Joseph Pucci claiming 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.

Exhibit: American Billiards on-site inspection performed by Metro Inspections-
The owner, Joseph Pucci was interviewed during the inspection.

METRO INSPECTIONS

MERCHANT SITE INSPECTION REPORT
PHONE (623) 930-0466
FAX (623) 930-0560
www.metrositeinspections.com

PAR FUNDING.

Metro Order #:253797 **Order Date: OCTOBER 28, 2019**

Business Information:

Legal Name of Business:	AMERICAN HERITAGE BILLIARDS
Doing Business As:	AMERICAN HERITAGE BILLIARDS DBA GREAT GATHERINGS
Address:	630 MONDIAL PKWY
City/State/Zip:	STREETSBORO, OH 44241

Contact Person:	JOSEPH PUCCI
Work Phone:	330-283-5311
Mobile Phone:	
Home Phone:	
Email Address:	

INSPECTION RESULTS

DATE OF INSPECTION:	TIME OF INSPECTION:	INSPECTED BY:
OCTOBER 28, 2019	3:00 PM	JOHN BOUCHER INTERVIEWED: JOSEPH PUCCI, OWNER

BACKGROUND:

Type of Business: GAME ROOM FURNITURE
Date Established: 1999
 # Years Under Current Ownership: 20 YEARS
 # Years at current location: 20 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: 10,000+

STAFFING:

Names of Owner/Principal JOSEPH PUCCI
# of Full-time Employees: 50
# of Part-time Employees: 10
# of Contract Labor: N/A

(For a full list of perjury, see Exhibits in DE-663)

One merchant, a lawyer named Amos Jones, later admitted in a call with defense counsel Alan Futerfas (who previously represented Donald Trump Jr.) that he signed the declaration under false pretenses. He stated that had he known it was being used as evidence in a federal SEC case, he never would have signed it.

The Absurd "Default Rate" Theory

Heskin also fed the SEC a completely fabricated theory regarding Par Funding's default rates. Heskin claimed the default rate could not be low because of the number of Confessions of Judgment (COJs) filed against merchants in default.

This defies basic Generally Accepted Accounting Principles (GAAP). If a merchant borrows $100,000 for a payback of $140,000, and defaults after paying back $120,000, Par Funding has still made a $20,000 profit. Filing a judgment for the remaining balance does not suddenly turn a profitable deal into a loss. If finance companies were allowed to write off unrealized gains as total losses, they would never pay a dime in taxes. Yet, the economically illiterate SEC adopted this theory as gospel and dumped it straight into the TRO.

Rewarding the Liars

In a fair system, merchants who commit perjury to get out of paying their legal debts would face prosecution. In this rigged system, they were rewarded.

The court-appointed Receiver took the estate's money and handed Shane Heskin a massive $490,000 "settlement"—completely separate from the contingency fees his clients were already paying him.

Exhibit: Proof of Heskin reward in DE-2206-1 pg. 9 of 17 - F.

F. **Payment to Counsel.** At such time when the Eckert Settlement Proceeds are included in a court-approved distribution to claimants, the Receiver, on behalf of CBSG, will issue a payment of Four Hundred Ninety Thousand Dollars ($490,000.00) to Merchant Counsel.

G. **Agreement Regarding Eckert Seamans Settlement.** The Merchant Parties and Merchant Counsel each agree, represent, and warrant that (i) they will not oppose, opt out of, or object to the Receiver/Class/ESCM Settlement, and (ii) Merchant Counsel in the instant Agreement disclaims any interest in any award of attorneys' fees, costs or expenses to counsel for the Putative Class Plaintiffs in connection with the Receiver/Class/ESCM Settlement.

H. **Full Satisfaction.** The Merchant Parties and Merchant Counsel each acknowledge that the relief detailed in Paragraphs I.C, .D, .E, and .F of this Agreement is in full satisfaction of

Page 9 of 17

Worse yet, the Receiver ignored the binding contracts, personal guarantees, and COJs, absolving the lying merchants of millions of dollars in debt. They even cut bonus checks to the perjurers. ***The Fleetwoods, for example, received an additional $60,000 payout on top of having their debt erased!***

Exhibit: DE-2206-1 pg. 9 of 17 - E.

E. **Payment to Fleetwood.** At such time when the Eckert Settlement Proceeds are included in a court-approved distribution to claimants, the Receiver, on behalf of CBSG, will issue a payment of Sixty Thousand Dollars ($60,000.00) to Fleetwood.

Exhibit: Settlement Agreement DE 2206-1 on 4/3/2026 of Heskin clients/Par Funding merchants absolved of debt by the Receiver!

SETTLEMENT AGREEMENT

This Settlement Agreement ("Agreement") is entered into this 4th day of December, 2024, by and among: (i) Radiant Images, Inc. and Gianna Wolfe ("Radiant"), Tourmappers North America, LLC and Julie Katz (Tourmappers"), HMC Inc. and Kara DiPietro ("HMC"), Gex Management, Inc. and Carl Dorvil ("Dorvil"), Knava's Bounce House Rentals, LLC and Joshua Speakman ("Knavas"), Legend Adventures, LLC and Shaun Alldredge ("Legend"), MH Marketing Solutions Group, Inc. and Michael Heller ("Heller"), Sunrooms America, Inc. and Michael Foti ("Sunrooms"), Petropangea, Inc. and JR Harrison ("Petropangea"), Sean Whalen and Yngris Iris Chen ("Whalen"), Gelato on Hudson LLC d/b/a Haagen Dazs, RKDK Inc. d/b/a Haagen Dazs, Asia Star Broadcasting Inc., and Daniel Shah ("Shah"), Fleetwood Services LLC, Pamela Fleetwood, and Robert Fleetwood ("Fleetwood"), and Perfect Impression Inc. and Susans Abrahams ("Perfect Impression") (collectively, the "Merchant Parties"); (ii) Shane R. Heskin, Esq., White and Williams LLP, David Almeida, Esq., and Almeida Law Group LLC ("Merchant Counsel"), all collectively on the one hand; and (iii) Ryan K. Stumphauzer, not individually, but solely in his capacity as receiver (the "Receiver") for Complete Business Solutions Group, Inc. d/b/a Par Funding ("CBSG") and the other the entities identified on

WHEREAS the Receiver has reached a settlement in principle (the "Eckert Seamans Settlement") with (1) the plaintiffs in *Montgomery, et al. v. Eckert Seamans Cherin & Mellott, et al.*, No. 20-cv-23750-DPG (S.D. Fla.) (Gayles, J.), *Melchior, et al. v. Vagnozzi, et al.*, No. 20-cv-05562-MRP (E.D. Pa) (Perez, J.), and *Caputo, et al. v. Vagnozzi, et al.*, No. 20-cv-01042-CFC (D. Del.) (Connolly, J.) (collectively, the "Putative Class Plaintiffs"); and (2) ESCM and John Pauciulo, Esq. (collectively "Eckert Seamans"), pursuant to which the Receiver will receive settlement proceeds (the "Eckert Settlement Proceeds") into the Receivership Estate and, as part of the claims and distribution process in the SEC Action ("Receivership Claims Administration Process"), request permission from the Court to distribute those Eckert Settlement Proceeds to various claimants with allowed claims against the Receivership Entities;

WHEREAS certain of the Merchant Parties objected to and opposed a prior settlement the Receiver had reached with the Putative Class Plaintiffs and Eckert Seamans;

WHEREAS certain of the Merchant Parties filed claims against CBSG in the Receivership Claims Administration Process, the Receiver recommended that those claims be denied, and the Court in the SEC Action agreed with the Receiver's recommendations and denied those claims in its Order on the Receiver's proposed claims determinations;

WHEREAS following the entry of the Order on the Receiver's proposed claims determinations in the Receivership Claims Administration Process, certain Merchant Parties filed an appeal to the United States Court of Appeals for the Eleventh Circuit, as Case No. 24-12350-J (the "Merchant Appeal"), which was dismissed for lack of jurisdiction in an opinion dated November 14, 2024;

WHEREAS Fleetwood, in a putative class action on behalf of others similarly situated that entered into merchant cash advance agreements with CBSG, sued CBSG in the case captioned

Fleetwood Services LLC v. Complete Business Solutions Group Inc., et al., Case No. 9:24-cv-80716, in the United States District Court for the Southern District of Florida (the "Fleetwood Lawsuit"), which has been stayed and administratively closed;

WHEREAS Shah, Tourmappers, Heller, and Perfect Impression are plaintiffs in a putative class action on behalf of others similarly situated that entered into merchant cash advance agreements with CBSG, against GEMJ Chehehbar GRAT, LLC, Josef Chehebar, and Isaac Shehebar (the "Chehebars) in the case captioned *B and T Supplies, Inc., et al. v. GEMJ Chehehbar GRAT, LLC, et al.,* Case No. 1:23-cv-11241, in the United States District Court for the Southern District of New York (the "Chehebar Lawsuit");

WHEREAS the plaintiffs in the Chehebar Lawsuit previously asserted claims against Eckert Seamans and others in that lawsuit, but subsequently dropped their claims against all defendants excepts the Chehebars;

WHEREAS Whalen and Flexogenix Group, Inc. are parties to the case captioned *Complete Business Solutions Group, Inc. v. Sean Whalen, et al.*, Case No. 19-cv-06181-JS, in the United States District Court for the Eastern District of Pennsylvania (the "Whalen Lawsuit"), through which they asserted and then dismissed counterclaims against CBSG, and are currently pursuing third-party claims against the Chehebars;

Conclusion

This was not a federal investigation; it was a coordinated heist. The SEC outsourced its authority to a deeply compromised lawyer who lost in state court, resulting in a TRO built entirely on perjury and financial illiteracy. It is time for the Receiver, the SEC, and Shane Heskin to answer for this collusion. The American people are waking up to this playbook, and the fraud on the court can no longer be ignored.