

Weaponizing the Receivership: How the SEC Outsourced Its Case on the Estate's Dime

We have told our readers before that this entire action was essentially Heskin's brainchild. When the SEC showed up, they were completely blind; they had absolutely no idea what their own case was even about. They did not send a subpoena for information, nor wells notice, and filed the action Ex-Parte. There was no independent investigation or even a call to Par Funding's 5 in house counsel and stable of SEC attorneys. To solve this problem, SEC prosecutor Amie Riggle Berlin, a liberal prosecutor whose husband's work for the DNC raises valid questions about ideological motivations and optics—took a highly questionable shortcut.

She essentially deputized the court-appointed receiver to function as her shadow prosecutor and build the government's case from scratch.

The receiver, of course, was more than happy to oblige. Why wouldn't they? Doing the government's job allowed them to bill the estate for massive fees. Together, they teamed up with the SEC, FBI, and the AUSA to manufacture a case out of thin air, throwing wild, legally baseless punches—like pushing a sensationalized "Ponzi scheme" narrative—just to keep the billing cycle turning and ensure they got paid. Also, if they secured a conviction, it would guarantee a long and prosperous receivership for all parties involved.

But there is a fatal flaw in this strategy: A receiver cannot serve two masters. When an entity meant to preserve assets depletes them to do the government's job, it crosses a hard legal and ethical line. Teaming up to manufacture a prosecution on the estate's dime violates the foundational rules of federal receiverships.

Here is a breakdown of the rules, fiduciary duties, and policies that prohibit a receiver from abandoning their post to build the SEC's case.

The Fiduciary Firewall: Why a Receiver Cannot Bill an Estate to Be the SEC's Prosecutor

The appointment of a federal equity receiver is an extraordinary equitable remedy designed strictly to locate, marshal, and preserve assets for the ultimate benefit of the estate's creditors and stakeholders. A receiver is appointed by the judiciary to function as a neutral fiduciary, completely independent from the plaintiff. When a receiver bills the estate for time spent investigating, drafting, or building a case because the SEC did

not know how to do it themselves, they are in direct violation of established legal standards.

1. Breach of the Fiduciary Duty of Neutrality

By law, a federal equity receiver is an officer of the court, not an agent, employee, or extension of the SEC.

The Rule of Independence: The receiver's absolute loyalty is to the receivership estate and the court. Their mandate is asset preservation, not law enforcement.

The Violation: When a receiver actively assists the SEC in building its prosecutorial or civil enforcement case, they abandon their required neutrality. Acting as a quasi-prosecutor to bail out an unprepared SEC creates a severe conflict of interest and breaches the fiduciary duty owed to the estate's stakeholders.

2. Violation of the SEC's Own Billing Guidelines

The SEC's standardized Billing Instructions for Receivers in Civil Actions explicitly dictates what can and cannot be charged to an estate.

The "Reasonable and Necessary" Standard: Receivers are only permitted to bill for work that is "actual, reasonable, and necessary" to the administration of the receivership estate.

The Violation: Work performed to advance Amie Riggle Berlin's underlying litigation strategy is not "necessary" for managing the estate's properties. Billing the estate for litigation support to manufacture a "Ponzi" narrative is an unauthorized inflation of fees. That is just one example of many theories concocted by the Receiver and Shane Heskin, which were adopted by the SEC.

3. Unjust Depletion of Estate Assets

The financial burden of a receivership is borne by the estate, which means every dollar billed by the receiver is a dollar taken away from the actual stakeholders, investors, or defendants.

The Taxpayer vs. Estate Distinction: The SEC has its own massive, taxpayer-funded budget to employ trial attorneys, forensic accountants, and investigators.

The Violation: It is entirely improper for a receiver to shift the SEC's investigative costs onto the private estate. Billing the estate to build the SEC's case is a form of "double-

dipping" that unjustly drains the very assets the receiver was appointed to protect. It transforms an equitable remedy into an oppressive financial penalty.

4. Prohibition on Duplicative and Outside-Scope Work

Courts routinely slash receiver fee applications when the work performed falls outside the strict mandate of the appointment order or duplicates the efforts of the plaintiff. Not once did the SEC or the court strike billing entry for any of the violations that occurred. To our readers, there have been over 22 billings full of violations committed by the Receiver and his bloated team.

The Scope of Appointment: A receiver's powers are strictly limited to the four corners of the court's appointment order.

The Violation: Unless the court order explicitly tasks the receiver with conducting a forensic investigation for the specific purpose of assisting the SEC's trial team (which it wasn't), any billing entries reflecting SEC coordination, witness prep, or strategy sessions with government lawyers to build their narrative are completely out-of-scope and non-compensable.

Conclusion

A receiver cannot serve two masters. When billing records reveal that the receiver prioritized collaborating with the SEC, FBI, and AUSA to manufacture a case, they have compromised their independence. Such billing entries do not represent the lawful administration of an estate; they represent an unauthorized, estate-funded subsidy of a government prosecution.

EXHIBIT: PROOF OF BILLING ENTRIES BELOW- (DE-438 RECEIVER'S FIRST APPLICATION FOR BILLING)

TO OUR READERS -THIS IS ONLY ONE BILLING OF 22. AND EVERY BILLING CONTAINS MULTIPLE VIOLATIONS COMMITTED BY THE RECEIVER WHO ONLY BECAME MORE EMBOLDENED AS TIME WENT ON TO CHURN THE BILLING BECAUSE HE WAS NEVER ONCE CHALLENGED BY THE COURT.

7/28/2020	Throughout the day and while securing offices/ virtual offices of United Fidelis and Par Funding, conducted multiple phone calls with Amie Berlin; phone call with Fox Rothschild, Berlin, Rosenbloom and Doug Rosenbloom; phone call with Adam Foslid; phone call with Berlin, Tim Kolaya and Rosenbloom.	RKS	4.6	\$	1,817.00
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7/28/2020	Calls with D. Rosenbloom and A. Berlin regarding execution of FBI search warrants and coordination regarding collection of evidence and confer with R. Stumphauzer regarding initial strategy in connection with protecting documents, evidence, and assets.	TK	0.7	\$	276.50
7/28/2020	Call with A. Berlin, R. Stumphauzer, and D. Rosenbloom to discuss follow up from call with Fox Rothschild lawyers, scope of receivership order, motion to clarify receivership order, timing for entry of order on motion for temporary restraining order, and preservation of evidence and collection of documents at various sites.	TK	1.4	\$	553.00
7/29/2020	Extensive email correspondence throughout the day with Kolaya, Ross, Rosenbloom, Alfano, DerOvanesian, and SEC Trial Attorney Berlin, as well as sample motions attached to same re: retention of accountants, e-discovery experts. Reviewed sample 28 USC 754 filings.	RKS	1.6	\$	632.00
7/30/2020	Phone call with Berlin and FBI Special Agent to discuss document collection and preservation efforts, forensic imaging of data, and other issues. Rosenbloom later joined call to assist discussion of Philadelphia locations.	RKS	0.8	\$	316.00
7/30/2020	Additional phone calls with Berlin re: document collection issues, SEC contractor, and timing of same.	RKS	0.4	\$	158.00
7/30/2020	Status update phone call with Pietragallo and SFS lawyers to discuss status of document collection and preservation, physical security at multiple locations in Philadelphia, West Palm Beach and Wildwood Florida; notice letters to IT companies and vendors to secure ESI, and drafting of notices pursuant to 28 U.S.C. 754. Immediately thereafter, conducted group phone call with Amie Berlin to discuss claims and evidence. Following call with SEC counsel, conducted an additional call with Pietragallo and SFS teams to discuss outstanding tasks, information required by Fox Rothschild, and various other issues.	RKS	2.7	\$	1,066.50
7/31/2020	Phone call with Kolaya and Alfano re: retention of experts, followed by call with Kolaya and Berlin to discuss alleged payment of reduced rate notes.	RKS	1	\$	395.00

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8/4/2020	Call with Ryan Stumphauzer and Amie Berlin regarding debrief of show cause hearing and strategy for filing motion to expand receivership order.	JD	1.8	\$	450.00
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*****STRATEGY CALL??? WHY DOES THE RECEIVER NEED TO STRATGIZE WITH SEC COUNSEL FOR THEIR MOTIONS? THE SEC HAD THE EXACT SAME DISCOVERY THE RECEIVER, FBI AND AUSA HAD YET APPOINTED HIM AS THE DEFAC TO PROSECUTOR!**

8/4/2020	Call with R. Stumphauzer and A. Berlin to discuss upcoming hearing and arguments from Defendants.	TK	0.3	\$	118.50
8/4/2020	Call with Berlin and Kolaya to discuss today's hearing before Judge Ruiz.	RKS	0.4	\$	158.00
8/7/2020	Follow up and strategy regarding motion to expand receivership and potential filing by A. Berlin re same.	TK	0.3	\$	118.50

******FOLLOWING UP ON THE STRATEGY CALL!!!!**

8/12/2020	Call with receivership team to discuss defendants' response to scope of receivership, misrepresentation from defendants, and brief from receiver re same, A. Berlin joined call to discuss briefing and related	TK	0.7	\$	276.50
8/12/2020	Call with A. Berlin, G. Alfano, and R. Stumphauzer to discuss requests for intervention by investors and upcoming preliminary injunction hearing.	TK	0.6	\$	237.00
9/2/2020	Calls and emails with Amie Berlin and Linda Schmidt at SEC regarding request from SEC witness for removal of information from filing posted on website, follow up on redaction, updating website information, and follow up re same.	TK	0.4	\$	158.00
DKR 8/22/2020	TELEPHONE CONFERENCE WITH A. BERLIN, ESQUIRE AT SEC RE: CONCERNS OF FEDERAL AUTHORITIES RE: COLLECTIONS EFFORTS; CONFERRING WITH RECEIVER AND TEAM RE: SAME'	CA / T	0.70	395.00	276.50
9/14/2020	Phone conference with DOJ, FBI, G. Alfano, D. Rosenbloom, and R. Stumphauzer to discuss privilege logs, document review, and various issues related to operations and collections.	TK	0.8	\$	316.00
7/28/2020	Discuss strategy and immediate next steps with I. Ross and R. Stumphauzer; debrief and discussion of immediate next steps, strategy for securing and preserving assets, and interactions with Fox Rothschild as counsel for Defendants and as counsel for Par Funding in collection cases, taking custody of documents from FBI and appropriate storage and maintaining chain of custody.	TK	0.8	\$	316.00
7/29/2020	Phone call with FBI S/A John Murray.	RKS	0.3	\$	118.50
7/30/2020	Phone call with Doug Rosenbloom following call with FBI and SEC to discuss collection issues.	RKS	0.3	\$	118.50
8/11/2020	Review email from Rosenbloom to FBI agents.	RKS	0.1	\$	39.50
8/14/2020	Call with Agent John Murray of FBI regarding computers and ESI seized from Par Funding offices and follow up status of other related issues.	TK	0.6	\$	237.00

8/24/2020	Call with FBI regarding operations and status of investigation.	TK	0.5	\$	197.50
8/24/2020	Review of email correspondence from FBI and DOJ to Alfano re: various issues and inquiries.	RKS	0.2	\$	79.00
8/24/2020	Second phone call with FBI to discuss federal criminal statute re: high-interest rate loans.	RKS	0.4	\$	158.00
8/30/2020	Review of Inquirer article and follow up on questions from FBI Special Agent Murphy.	TK	0.3	\$	118.50
9/9/2020	Correspondence with FBI and Florida Office of Financial Regulation investigator regarding access to documents.	JD	0.5	\$	125.00
9/11/2020	Call with R. Stumphauzer to discuss and debrief from call with counsel for Zingarelli and his call with FBI regarding status of investigation, pending issues, and other related topics.	TK	0.3	\$	118.50
9/14/2020	Call with G. Alfano to discuss follow-up from call with DOJ and FBI and strategize regarding pending motions.	TK	0.2	\$	79.00

*****RECEIVER'S ATTORNEY "STRATEGIZING" WITH THE DOJ & FBI!!!!!!!!!!!!!!!!!!!!

DKR	7/31/2020	CONFERRING WITH FBI RE: POTENTIAL SOURCES OF INFORMATION TO ASSIST RECEIVER	CA / T	0.20	395.00	79.00
DKR	8/6/2020	ACCOMPANYING FBI TO OBTAIN COPIES OF DOCUMENTS AT TWO PAR FACILITIES IN	AAR / T	3.40	395.00	1,343.00
DKR	8/13/2020	MULTIPLE CORRESPONDENCE WITH FBI RE: RETURN OF COMPUTERS IMAGED BY FBI FOLLOWING THEIR RAID AT N. 3RD STREET LOCATION; MEETING FBI AT LOCATION FOR SAME	CA / T	0.80	395.00	316.00
GJA	8/28/2020	PREPARING MEMORANDUM RE: COLLECTION ACTIVITY, PHONE CALL WITH FBI	AAR / T	0.20	395.00	79.00
DKR	8/28/2020	MULTIPLE CORRESPONDENCE WITH FBI AND OUR FIRM'S TEAM RE: REVIEW OF DOCUMENTS IN GOVERNMENT'S POSSESSION (ESPECIALLY WITH RESPECT TO COLLATERAL)	CA / T	0.20	395.00	79.00
GJA	8/30/2020	CALL, EMAILS WITH FBI RE: RECEIVERSHIP'S COLLECTION ACTIVITIES	CA / T	0.60	395.00	237.00
HFR	8/31/2020	TRAVEL TO FBI TO REVIEW PAR FUNDING COLLATERAL LOAN FILES;	AAR / T	7.20	100.00	720.00
GJA	9/14/2020	CONFERENCE CALL WITH RECEIVER, DOJ, FBI, RE: STATUS OF DOCUMENTS IN RESPONSE TO GRAND JURY SUBPOENA	CA / T	0.80	395.00	316.00

GJA	9/14/2020	CONFERENCE CALL WITH FBI; AND FOLLOW UP CALL WITH T. KOLAYA	CA / T	0.50	395.00	197.50
GJA	9/14/2020	CALL WITH AUSA ORTIZ RE: STATUS	CA / T	0.30	395.00	118.50
GJA	9/15/2020	REVIEWING CORRESPONDENCE RE: COLLATERAL FILES AT FBI, CORRESPONDENCE WITH US ATTORNEY, FBI RE: PRIVILEGE	CA / T	0.50	395.00	197.50
GJA	9/16/2020	PREPARING EMAIL TO RECEIVER RE: STATUS OF OUTSTANDING ISSUES WITH FBI, DOJ	CA / T	0.10	395.00	39.50
GJA	9/16/2020	REVIEWING CORRESPONDENCE RE: FELICE INTERIORS RE: POTENTIAL PRIVILEGE CLAIM; CORRESPONDENCE TO US ATTORNEY, FBI RE: PRIVILEGE	AAR / T	0.20	395.00	79.00
DKR	9/23/2020	DRAFTING CORRESPONDENCE TO U.S. ATTORNEY'S OFFICE, FBI, AND RECEIVERSHIP TEAM RE: LIST OF ATTORNEYS AND PARAPROFESSIONALS WHO PREVIOUSLY REPRESENTED AND/OR CURRENTLY REPRESENT RECEIVERSHIP ENTITIES AND DEFENDANTS	CA / T	0.10	395.00	39.50
DKR	9/29/2020	REVIEWING AND REPLYING TO FBI RE: INQUIRY RE: GOOGLE ACCOUNTS, CONVERGE HUB, AND MCA SUITE	CA / T	0.30	395.00	118.50

09/21/20 RC/MJ Conf. Call w/FBI S/A J. Murray ref CBSG. 2 \$ 450

	9/1/2020	Phone call with Alfano and AUSA Murray.	RKS	0.4	\$	158.00
GJA	9/2/2020	CONFERENCE CALL WITH RECEIVER, AUSA MURRAY RE: COJ'S	CA / T	0.70	395.00	276.50
GJA	9/14/2020	CALL WITH AUSA ORTIZ RE: STATUS	CA / T	0.30	395.00	118.50
DKR	8/11/2020	PARTICIPATING IN CONFERENCE CALL WITH U.S. ATTORNEY'S OFFICE, RECEIVER, AND GJA RE: CASE STATUS AND REQUEST FOR INFORMATION BY GOVERNMENT	CA / T	0.50	395.00	197.50
DKR	8/11/2020	CONFERRING WITH GJA RE: DOCUMENTS TO BE PROVIDED TO U.S. ATTORNEY'S OFFICE	CA / T	0.10	395.00	39.50
DKR	8/11/2020	COMPILING AND SENDING REQUESTED DOCUMENTS TO U.S. ATTORNEY'S OFFICE IN E.D.PA.	CA / T	0.50	395.00	197.50
GJA	8/11/2020	CONFERENCE CALL WITH A. BERLIN, KAMILA PROFESSIONALS, I. ROSS	CA / T	0.50	395.00	197.50
GJA	8/11/2020	CONFERENCE CALL WITH US ATTORNEYS OFFICE RE: PROPERTIES	AAR / T	0.90	395.00	355.50
GJA	8/11/2020	CONFERENCE CALL WITH FBI RE: PROPERTIES	AAR / T	0.50	395.00	197.50
GJA	8/11/2020	CONFERENCE CALL WITH SEC RE: PROPERTIES	AAR / T	0.50	395.00	197.50
GJA	8/11/2020	CONFERENCE CALL WITH RECEIVER, CO-COUNSEL, DKR RE: STATUS	CA / T	1.50	395.00	592.50
GJA	8/11/2020	CONFERRING WITH DKR RE: DOCUMENTS TO BE PROVIDED TO U.S. ATTORNEY'S OFFICE	CA / T	0.10	395.00	39.50

DKR	8/24/2020	TELEPHONE CONFERENCE WITH RECEIVER, GJA, AND U.S. ATTORNEY'S OFFICE RE: INVESTIGATION AND RECEIVER'S REQUEST FOR GOVERNMENT'S PERSPECTIVE ON RESTARTING COLLECTIONS	CA / T	0.80	395.00	316.00
DKR	8/24/2020	SECOND CALL OF THE DAY WITH U.S. ATTORNEY'S OFFICE, GJA, AND RECEIVER	CA / T	0.50	395.00	197.50
DKR	9/14/2020	PARTICIPATING IN CONFERENCE CALL WITH RECEIVER, DSI, GJA, AND U.S. ATTORNEY'S OFFICE RE: CASE STATUS	CA / T	0.80	395.00	316.00
8/11/2020		Call with J. Ortiz and P. Murray at US Attorneys' Office regarding Laforte prosecute on, legal representation of various defendants, and various other pending issues.	TK	0.9	\$	355.50

Proof of calls and emails between the Receiver and Shane Heskin – Heskin looking for his reward once the civil complaint was filed against Par Funding by the SEC since he helped launch the case!!!!!!!!!!

9/25/2020		Review of several emails from Alfano and Heskin, regarding pending claims by CBSG merchants and issues re: COJs.	RKS	0.3	\$	118.50
GJA	8/10/2020	(HMC) CONFERENCE CALL WITH SHANE HESKINS RE: STATUS OF VARIOUS CASES	AAR / T	0.30	395.00	118.50
EGS	8/13/2020	TELEPHONE CONFERENCE WITH ATTORNEY HESKIN RE: PETROPANGEA LIENS AND REQUEST TO REMOVE SAME	AAR / T	0.40	395.00	158.00

REMEMBER THE NAME, "PETROPANGEA" – ONE OF THE LYING MERCHANT DECLARANTS USED TO BRING THE CASE AGAINST PAR!

EGS	8/24/2020	TELEPHONE CONFERENCE WITH ATTORNEY HESKIN REGARDING STATUS OF HIS CASES AND POTENTIAL RESOLUTION OF OUTSTANDING MERCHANT CASH AGREEMENTS	AAR / T	0.40	395.00	158.00
EGS	9/2/2020	EMAIL COMMUNICATION WITH ATTORNEY HESKIN REGARDING REQUEST FOR RESOLUTION OF DEBT FOR ANNIE'S POOCH AND LIST OF CASES WHITE AND	AAR / T	0.50	395.00	197.50
DJS		Review Eric Soller's communications with Shane Heskin regarding Annie's Pooch Pop and Brad Sharp follow up regarding vacating of judgment.				0.10

REMEMBER THE NAME, "ANNIE'S POOCH" – ANOTHER LYING MERCHANT DECLARANT USED TO BRING THE CASE AGAINST PAR!

EGS	9/11/2020	EMAIL AND TELEPHONE COMMUNICATION WITH SHANE HESKINS REGARDING REQUEST FOR RELEASE OF UCC LIEN AND WRIT OF EXECUTION; TELEPHONE CONFERENCE WITH ATTORNEY HESKIN AND DSI CONSULTANTS REGARDING ALL OF HESKINS CASES AND REQUEST FOR POTENTIAL RESOLUTION OF SAME	AAR / T	0.80	395.00	316.00
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*****HESKIN WAS DETERMINED TO GET ALL HIS CLIENTS RESOLVED OF THEIR DEBT FROM PAR SO THEY LIED UNDER OATH AND DID NOT HAVE TO PAY PAR FUNDING BACK UNDER THEIR CONTRACTUAL OBLIGATION! AND THEN... 6 YEARS LATER HESKIN RECEIVES HIS \$490,000 PAY DAY FOR LAUNCHING THE CASE!**

GJA	9/11/2020	CORRESPONDENCE WITH EGS, S. HESKINS RE: RELEASE OF HOME DEPOT LIEN RE: SUNROOMS AMERICA	CA / T	0.20	395.00	79.00
DJS		Follow-up communications to/from/with Brad Sharp/Eric Soller/Shane Heskin regarding Sunrooms America-related issues.				0.10

REMEMBER THE NAME, "SUNROOMS AMERICA" – ANOTHER LYING MERCHANT DECLARANT USED TO BRING THE CASE AGAINST PAR!

BDS		Telephone conference call with Eric Soller, Dan Stermer and Shane Heskin regarding collection issues with respect to Mr. Heskin's clients.				0.90
DJS		Review Eric Soller's communication to Shane Heskin with the court's Order Granting Receiver's Unopposed Combined Motion to Lift Litigation Injunction and related Order.				0.20
DJS		Review communications to/from/with Gaetan Alfano and Shane Heskin regarding various litigation matters and status of same.				0.20