UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

CASE NO.: 20-cv-81205-RAR

SECURITIES AND EXCHANGE MMISSION,

Plaintiff,

v.

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

Defendants.

DEFENDANTS' NOTICE OF FILING REDACTED EXHIBITS TO DEFENDANTS' MOTION IN LIMINE TO EXCLUDE EXPERT TESTIMONY AND REPORT OF MELISSA DAVIS

Defendants, Joseph LaForte, Lisa McElhone, and Joseph Cole Barleta hereby file this Notice of Filing Redacted Exhibits in support of their Motion in Limine to Exclude Expert Testimony and Report of Melissa Davis (DE 803). Defendants inadvertently filed copies of exhibits that required redactions in accordance with Southern District of Florida Local Rule 5.3(b)(2) and Federal Rules of Civil Procedure Rule 5.2(a).

Dated: October 5, 2021

Respectfully submitted,

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing was served on all counsel of record via the Court's CM/ECF Filing Portal on this 5th day of October, 2021.

/s/ Alejandro O. Soto
ALEJANDRO O, SOTO, ESQ

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

Case 9:20-cv-81205

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

v.

COMPLETE BUSINESS SOLUTIONS GROUP,

INC. d/b/a/ PAR FUNDING, et al.

Defendants, and

L.M.E. 2017 FAMILY TRUST,

Relief Defendant.

____/

REPORT OF EXPERT

Submitted by

Melissa Davis, CPA, CIRA, CFE

August 13, 2021

EXHIBIT A

Merchant Advance Receivable transactions would be utilized to pay the operating expenses and to pay Investors the promised returns.

67. During the period from January 6, 2012[58] to July 27, 2020, Par Funding raised $547.2 million from Investors and made principal payments of $178.7 million, leaving a remaining principal balance due to Investors of $368.5 million.[59] See ***Exhibit G*** for a list of the investors and these amounts.

68. The ability of Par Funding to repay investors was dependent on the profitability of the Merchant Advance Receivables. To determine if Par Funding's Merchant Advance Receivables generated sufficient cash to pay the Investors, I determined that it is appropriate to assess profitability of the Merchant Advances Receivables on a cash basis, rather than an accrual basis.

69. There is no argument with the fact that Par Funding maintained its accounting records on an accrual basis as to be compliant with GAAP. However, inherent in the accrual-based income is Par Funding's use of estimates in accounting for potentially uncollectible Merchant Advance Receivables. If the estimate of uncollectible Merchant Advances were understated, the accrual-based income as recorded in the financial statements is overstated. If I analyzed accrual-based income and profitability, it would be overstated because it would not account for the fact that Par Funding had not yet collected more than $419 million of its accounts receivable. To adopt an analysis of profitability based on accrued income rather than actual cash flow may result in an analysis that includes a significant

[58] The date of the first investor receipt.
[59] In addition, Par Funding made interest payments to Investors totaling $118.3 million during this period.

amount of income that might never be collected. To overcome that dilemma, I analyzed the Merchant Advance Receivables profitability based on actual cash transactions.

Summary of Analysis and Findings

70. I analyzed the actual cash flow generated from the Merchant Advances Receivables using two methodologies. First, I analyzed the overall cash activity of Par Funding to determine if the cash flow from the Merchant Advances was sufficient to cover the operating expenses and Investor interest payments. Second, I analyzed the cash activity of the actual Merchant Advances on an individual basis to determine profitability.

71. I also evaluated the Merchant Advance Receivables remaining as of July 27, 2020, to determine if they were comprised of Merchant Advances with large amounts of reloads, and if, on a historical basis, those Merchants generated positive cash flow for Par Funding.

72. Based on my analyses, it is my opinion that the Par Funding Merchant Advance activity did not generate sufficient profit in the form of cashflow to pay the operating expenses and Investor returns.

73. I determined that on an overall basis, the cash flow generated from the MCA Activity for the period from 2011 to July 27, 2020 was approximately $39.9 million.[60] This was not sufficient to cover the $118 million in interest payments made to the investors during this same period. See ¶87.

[60] Refer to ***Table 6*** below.

Exhibit J

Exh J

Securities and Exchange Commission, Plaintiff,
v.
Complete Business Solutions Group, Inc. d/b/a Par Funding et. al., Defendants.
CASE NO. 9:20-cv-81205
UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

Summary of Net Merchant Advance Activity by Funding Year per Individual Merchant Advance

Source: See footnotes

		Transaction Year - Net Cash Inflow (Outflow) (Note 1)													Original Funded Date		
		A	B	C	D	E	F	G	H	I	J	K	L	O = K/L			
Row Ref	Funded Year	No Date	2012	2013	2014	2015	2016	2017	2018	2019	2020	Total Net Cash Inflow (Outflow) (Note 3)	MCA Funds Disbursed (Note 3)	Total Return	Active AR at 07/27/20 (Note 2)	Default AR at 07/27/20 (Note 2)	Total AR at 07/27/20 (Note 2)
1	2012		$ (863,499)	$ 837,604	$ 64,873	$ 95,208	$ 8,540	$ 7,525	$ 1,500	$ 567		$ 152,319	$ 1,397,249	10.9%	$ (0)	$ 415,282	$ 415,282
2	2013	13,172		(1,788,889)	2,623,523	186,167	103,874	104,589	43,952	23,268	2,500	1,312,155	9,840,352	13.3%	282	1,790,196	1,790,478
3	2014				1,222,702	3,818,142	292,449	53,703	65,225	65,933	36,500	5,554,652	12,213,076	45.5%	153,998	2,082,364	2,236,361
4	2015	(2,817)				(1,480,336)	7,781,573	465,226	199,891	138,737	55,890	7,158,164	27,789,327	25.8%	594,761	4,046,233	4,640,993
5	2016	818					(12,687,941)	21,439,825	739,931	294,790	76,540	9,863,962	62,257,246	15.8%	2,665,508	8,072,589	10,738,097
6	2017	3,463						(28,915,905)	50,533,285	2,391,171	647,512	24,659,527	152,860,623	16.1%	6,779,671	30,732,794	37,512,465
7	2018	(89,684)							(53,649,913)	74,211,191	1,972,748	22,444,342	280,679,381	8.0%	43,683,517	52,230,552	95,914,069
8	2019	17,529							26,928	(58,108,609)	85,677,431	27,613,279	351,334,852	7.9%	180,300,390	30,676,299	210,976,689
9	2020	5,455									(50,687,884)	(50,682,429)	183,937,573	-27.6%	166,389,580	5,279,117	171,668,697
Total		**$ (52,063)**	**$ (863,499)**	**$ (951,285)**	**$ 3,911,099**	**$ 2,619,180**	**$ (4,501,506)**	**$ (6,845,038)**	**$ (2,039,201)**	**$19,017,047**	**$37,781,236**	**$48,075,971**	**$1,082,309,679**	**4.4%**	**$400,567,706**	**$135,325,426**	**$535,893,132**

Notes:

1) Sources: Initial Disbursement amount and date derived from Portfolio Report by Funded Year (Net Amount Advanced & Funded Date, respectively). Repayments for each MCA Advance derived from MCA Suites transactional data and includes all transactions classified as 'Upload' and 'Manual' payments which identified cash activity.

2) Source: Par Funding - Customer Balance Summary by Funded Date 7/27/20.

3) MCA Suites includes all advances and repayments activity for Merchants regardless of Par Funding's participation percentage in such deals.

Berkowitz Pollack Brant Advisors +CPAs

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

CASE NO. 20-CV-81205-RAR

SECURITIES AND EXCHANGE COMMISSION,

vs.

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

Defendants.

EXPERT REBUTTAL REPORT OF JOEL D. GLICK, CPA/CFF, CFE

August 27, 2021

EXHIBIT B

2) Davis incorrectly states that a CBSG Funding Analysis Report, also referred to as a KPI Report ("KPI"), is a form of financial reporting as defined by authoritative accounting guidance when it is merely a contemporaneous snapshot of key information as determined and compiled by management that is not retroactively updated.
3) Davis' statement that Par Funding "*did not record a sufficient allowance for uncollectible accounts."* is moot.
4) Davis' statement that "Par Funding utilized different methods for calculating Factoring Losses, or defaults." is misleading. Davis' statement could falsely suggest that Par kept different sets of books when, in fact, it is common for a company's book income and taxable income to be determined differently.
5) Davis disregards U.S. Generally Accepted Accounting Principles ("GAAP") in her use of a cash-based analysis of Merchant Advances Receivables.[4] GAAP makes clear that a cash flow analysis alone is not appropriate to determine CBSG's profitability and that an accrual-based analysis is the only method of accurately assessing profitability. "*The cash flow generated from the Merchant Advance Receivables was not sufficient for Par Funding to make the interest payments to investors or to fund its operating expenses without utilizing the funds from investors."*
6) Davis applies inconsistent treatment of cashflow between her Declaration, dated August 26, 2020 and her Expert Report, dated August 15, 2021.

VI. <u>BASIS FOR OPINIONS</u>

1) <u>Reliance on Unreconciled Information</u>

Davis discusses the various data sources to which she had access and was available to her to perform a complete and accurate analysis. She describes three sources: 1)

[4] "U.S. GAAP (Generally Accepted Accounting Principles) are accounting standards, conventions and rules. It is what companies use to measure their financial results. These results include net income as well as how companies record assets and liabilities. In the US, the SEC has the authority to establish GAAP. However, the SEC has historically allowed the private sector to establish the guidance. See The Financial Accounting Standards Board." Generally Accepted Accounting Principles (GAAP) | Investor.gov

Table 9 of the Report summarizes Active, Default and Total accounts receivable ("AR") per the MCA Cash Database.

Table 9

Active vs Default Merchant Advance Receivable Analysis

	A	B	C = B / A	D	E = D / A	F = B + D
Funded Year	MCA Funds Disbursed Per MCA Cash Database	Active AR at 07/27/20 Per MCA Suites	% of Funds Disbursed	Default AR at 07/27/20 per MCA Suites	% of Funds Disbursed	Total AR at 07/27/20 Per MCA Suites
2013	$ 9,840,352	282	0%	$ 1,790,196	18%	$ 1,790,478
2014	12,213,076	153,998	1%	2,082,364	17%	2,236,361
2015	27,789,327	594,761	2%	4,046,233	15%	4,640,993
2016	62,257,246	2,665,508	4%	8,072,589	13%	10,738,097
2017	152,860,623	6,779,671	4%	30,732,794	20%	37,512,465
2018	280,679,381	43,683,517	16%	52,230,552	19%	95,914,069
2013 - 2018	**545,640,005**	**53,877,736**		**98,954,728**		**152,832,464**
2019	351,334,852	180,300,390	51%	30,676,299	9%	210,976,689
Jan - Jul 2020	183,937,573	166,389,580	90%	5,279,117	3%	171,668,697
2019 - Jul 2020	**535,272,425**	**346,689,970**		**35,955,416**		**382,645,386**
Total	**$ 1,080,912,430**	**$ 400,567,706**	**37%**	**$ 134,910,144**	**12%**	**$ 535,477,851**

Per the July 7, 2020 Deposit Log, the accounts receivable balance was $415,689,393, and Factoring Losses (Default AR), net of recoveries[10], were $144,718,547 for a total AR balance of $560,407,940. When comparing these balances to the amounts listed in Table 9 above, there is an aggregate difference of approximately $25 million. As previously discussed, in Paragraph 41 Davis indicated she used MCA Suite data as opposed to Deposit Log and QuickBooks data, which represents original source data. The reasoning was that the former dataset provided more detail. Assuming this is true, it does not explain why the totals between the two datasets would not and do not agree. No reconciliation appears to have been performed. Consequently, it is improper to rely on unreconciled

[10] Factoring Losses of $147,999,507 minus recoveries of $3,280,960 = $144,718,547

it is collected. This is a cornerstone of accrual accounting. Paragraph 49 of the Report refers to Statement of Financial Accounting Concepts No. 1 (CON1).[23] CON1 describes what is referred to as the "matching principle" which requires earnings (i.e. receivables), to be recognized, in accordance with CON5, and recorded in the same period as expenses (payables) incurred to generate those earnings.

> *45. Periodic earnings measurement involves relating to periods the benefits from and the costs of operations and other transactions, events, and circumstances that affect an enterprise. Although business enterprises invest cash to obtain a return on investment as well as a return of investment, the investment of cash and its return often do not occur in the same period. Modern business activities are largely conducted on credit and often involve long and complex financial arrangements or production or marketing processes. … Similarly, receivables and the related effects on earnings must often be accrued before the related cash is received, or obligations must be recognized when cash is received and the effects on earnings must be identified with the periods in which goods or services are provided. The goal of accrual and deferral of benefits and sacrifices is to relate the accomplishments and the effects so that reported earnings measures an enterprise's performance during a period* ***instead of merely listing its cash receipts and outlays****.*

Statement of Financial Accounting Concepts No. 8 (CON8), issued in 2010, amended in 2018 and replaces CON1 and CON2 states:

> **Financial Performance Reflected by Accrual Accounting**
>
> *OB17. Accrual accounting depicts the effects of transactions, and other events and circumstances on a reporting entity's economic resources and claims in the periods in which those effects occur, even if the resulting cash receipts and payments occur in a different period. This is important because information about a reporting entity's economic resources and claims and changes in its economic resources and claims during a period provides a better basis for assessing the entity's past and future performance than information solely about cash receipts and payments during that period.*[24]

[23] Financial Accounting Standards Board, **Statement of Financial Accounting Concepts No. 1** *Objectives of Financial Reporting by Business Enterprises* STATUS: Issued: November 1978; Affects: No other pronouncements; Affected by: No other pronouncements

[24] Financial Accounting Standards Board **Conceptual Framework for Financial Reporting** Chapter 1, The Objective of General Purpose Financial Reporting, and Chapter 3, Qualitative Characteristics of Useful Financial Information As Amended, August 2018 a replacement of FASB Concepts Statements No. 1 and No. 2

These two Paragraphs seem to be at odds with one another and her position in Paragraph 69 is position is contrary to the FASB guidance. See excerpts from CON5:

> *36. Earnings is a measure of performance during a period that is concerned primarily with the extent to which asset inflows associated with cash-to-cash cycles substantially completed (or completed) during the period exceed (or are less than) asset outflows associated, directly or indirectly, with the same cycles. Both an entity's ongoing major or central activities and its incidental or peripheral transactions involve a number of overlapping cash-to-cash cycles of different lengths. At any time, a significant proportion of those cycles is normally incomplete, and prospects for their successful completion and amounts of related revenues, expenses, gains, and losses vary in degree of uncertainty. **Estimating those uncertain results of incomplete cycles** is costly and involves risks, but the benefits of timely financial reporting based on sales or other more relevant events, rather than on cash receipts or other less relevant events, **outweigh those costs and risks.***

> *37. Final results of incomplete cycles usually can be reliably measured at some point of substantial completion (for example, at the time of sale, usually meaning delivery) or sometimes earlier in the cycle …, **so it is usually not necessary to delay recognition until the point of full completion (for example, until after receivables have been collected** ….*

Davis' reference to profitability of the Merchant Advance Receivables based on a cash analysis is misleading. Paragraph 90 of the Report suggests the analysis performed on the Merchant Advance Receivables was done so on a pseudo-accrual basis. "*The analysis essentially marries the concepts of accrual based accounting and actual cashflow…*". The results of this specific analysis do not, however, rectify the flaw in the overall cash analysis which is that the analysis only serves to compare categories of net cash flows against each other. It does not address the order or timing in which the cash flows occurred.

Davis also ignores the nature of this business which sells cash. The goal is to keep cash "on the street". As Davis acknowledges in Paragraph 80, *"Par Funding utilized the cash*

As such, while a historical analysis of merchant receivable advances is important to assess collectability, a prospective analysis should have been undertaken for the company as a whole. It was not.

The conclusions reached in Paragraphs 124 and 125 of the Report are based on a view towards liquidation. In Paragraph 124, while there is mention of collecting existing receivables, there is no mention of continuing to advance new merchant deals that would generate positive cash flow and profits. Likewise, there is no acknowledgement that the notes payable of $366 million are not due immediately. There is no reference to the fact that 88% of the noteholders agreed to renegotiate the terms of their notes, dropping the interest rate to 5% and extending maturity to April 2027 on a back-weighted basis.

Yr.	% of Principal
1	0%
2	5%
3	10%
4	15%
5	20%
6	25%
7	25%
	100%

As reflected in the Investor Log spreadsheet,[27] previously produced in this matter, $541,000 was due as the date of the Receivership, $11.5 million was to mature by the end of 2020, another $47.2 million during 2021 and the balance of the notes, $243 million had been renegotiated with a maturity of April 30, 2027 with another $63 million pending the same renegotiation. As reference in Paragraph 97, the average term of an advance was 128 days. As such, there could be as many as 22 rounds of merchant advances before the $366 million was to be paid off. Paragraph 125 refers to the past. While not necessarily agreeing with the statements, “was not sufficient” and “did not yield” are historical conclusions. There are no opinions as to what could happen if the business

[27] The spreadsheet is dated 7/30/20 and the balance is $365.3 million versus the $366.1 reflected in QuickBooks at 7/27/20.

IN THE UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA
WEST PALM BEACH
CASE NO. **20-CV-81205-RAR**

SECURITIES AND EXCHANGE COMMISSION,
Plaintiff
vs.

December 15, 2020

COMPLETE BUSINESS SOLUTIONS GROUP, INC., ET AL.,
Defendants.

STATUS VIDEOCONFERENCE

BEFORE THE HONORABLE RODOLFO A. RUIZ, II,

UNITED STATES DISTRICT COURT JUDGE

A P P E A R A N C E S

FOR THE PLAINTIFF: SECURITIES AND EXCHANGE COMMISSION

AMIE RIGGLE BERLIN, ESQ
United States Securities and Exchange Commission
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Miami, FL 33131
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Berlina@sec.gov

FOR THE DEFENDANTS: Complete Business Solutions Group, INC., ET AL.; Full Spectrum Processing, INC.

(see receiver info)

FOR THE DEFENDANTS: RETIREMENT EVOLUTION GROUP, LLC; RETIREMENT EVOLUTION INCOME FUND, LLC; RE INCOME FUND 2, LLC; JOHN GISSAS

DANIEL I. SMALL, ESQ.
Holland and Knight LLP
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EXHIBIT C

see what the receiver's view is on this.

One of the issues I am having is I -- if this is a methodology problem, if this is -- you know, this isn't a dispute over GAAP principles, this is -- I mean, to me as far as I can tell from Mr. Sharp, this is all well-rooted in verifiable numbers, and so one of the things I'm trying to get my head around is, if that's true, then if we can trod in one agreed upon expert from all the defendants to come in and sit down in a room with Sharp and the receiver and look at the same data and give me a competing affidavit or report, something under oath, something verified, so that I can actually see if any of the theories that have been repeatedly floated out by defense counsels every time I get a receiver report are rooted in actual math.

So I wanted to ask the receiver that question. Mr. Stumphauzer, if that is even a suggestion that you would entertain that you could talk to me about so that I can see if there is another reality here to look at these numbers, how can I put that issue to bed?

So can I hear your take on that, or maybe you have a proposal eventually whereby you will have a moment to have this data methodology shared with defense lawyers and Mr. Sharp can be in a room with an expert on their side. I mean, I don't want to circumvent the discovery process, and that's been part of the problem here. This should be litigated like any other

UNITED STATES DISTRICT COURT

SOUTHERN DISTRICT OF FLORIDA

SECURITIES AND EXCHANGE COMMISSION, Plaintiff,	)	
vs.	)	CASE NO. 20-CV-81205-RAR
COMPLETE BUSINESS SOLUTIONS GROUP, INC. D/B/A PAR FUNDING ET AL., Defendants, and	)	
L.M.E. 2017 FAMILY TRUST, Relief Defendant.	)	

REMOTE VIDEOTAPED DEPOSITION OF

MELISSA DAVIS, CPA, CIRA, CFE

Wednesday, September 8, 2021

Reported by:
Denise Sankary,
RPR, RMR, CRR
Job No. 210908DSA

EXHIBIT D

11:41 A. But I didn't conduct an audit to confirm that it was done accurately. But definitely, that was their -- that was their method of accounting and their intention, agreed.

11:41 Q. And at least in 2017 and 2018, they had auditing firms -- they hired auditing firms to review their books, correct?

A. For 2017, I referenced that there was an independent CPA firm retained that issued an -- or

11:41 qualified opinion report, a signed report. I understand that there was another CPA firm retained, but I don't know specifically which year it was associated with, and I wouldn't want to limit. So I do know there was another CPA firm retained.

11:42 Q. Okay. So we'll -- we'll talk about that a little bit later.

So you agree that Par intended to recognize revenue on a GAAP-compliant accrual basis, correct?

11:42 A. I agree.

Q. And the estimated credit losses on a GAAP-compliant accrual basis as well, did they not?

A. I do not think that they were GAAP-compliant on their recognition of factoring

11:42 losses.

11:48 A. I didn't really understand your question.
Can you try to restate it or rephrase it?
BY MR. SOTO:
Q. Sure. Your -- your opinion that Par did
11:48 not properly estimate credit losses is based on your historical review of cash flow emanating from its receivables?
MS. BERLIN: Object as to form.
A. It was based on the analysis that I
11:49 prepared from MCA Suites of the cash transactions, the actual cash inflow and outflow of the MCA deals, and I determined whether or not each MCA deal generated cash or not. So that's the profitability analysis.
11:49 I also -- and that was on -- on a historical basis, okay? I also considered the -- the accounts receivable remaining.
BY MR. SOTO:
Q. But you did not conduct an accrual-based
11:49 assessment of the profitability of those receivables, correct?
A. I conducted an analysis based on cash. If I conducted an analysis --
Q. I'm sorry, go ahead.
11:50 A. -- based on accrual, it would be -- it

11:50 would include a lot of income, millions and millions and millions of dollars of income that was recognized by Par but was not actually ever collected.

11:50 Q. And -- and that is -- what you've described is the fundamental principle of accrual-based accounting that we discussed earlier, right, which is, you recognize revenue when it is earned regardless of whether the cash is collected,

11:50 right?

MS. BERLIN: Objection as to form.

A. But -- excuse me.

A key component of that GAAP accounting is recording an appropriate amount of factoring losses

11:50 based on what management estimates it will actually collect.

BY MR. SOTO:

Q. Isn't that what management did? Didn't it make an estimate of credit losses at the time

11:51 that -- at the time it was required to in order to comply with GAAP?

MS. BERLIN: Object as to form.

A. I don't know what management did. I -- I do see that there were entries in the Quick -- in

11:51 the general ledger, you know, that -- for factoring

11:53 So there is a version of the financial statements that -- that were unsigned that recorded additional factoring loss.

Q. Right. But the point is is that the Friedman firm prepared a version of the 2017 financial statement that was presented in accordance with GAAP including a factoring loss of $20.293 million, correct?

A. I can only confirm that based on the testimony that I cited in my report.

Q. Ms. Davis, I'm reading word for word from paragraph 52 of your report. I'm asking you to agree with a verbatim statement of paragraph 52 of your report.

11:54 Do you agree that the CPA firm prepared a version of the 2017 financial statement that was prepared in accordance with GAAP and included a factoring loss of $20,293,950 to account for the estimated uncollectible merchant advance receivables?

A. I agree, but I just -- I will clarify that my knowledge of the fact that this exists and it was in accordance with GAAP is based on the testimony citations. That's my only addition to that.

11:54 But yes, that's what the sentence says.

11:54 Q. Okay. So are you testifying that you now disagree with the factoring loss vision of $20,293,950 forward by the CPA firm as represented in your paragraph 52 of your report?

11:55 A. I don't believe I testified to that, no.

Q. You testified that you thought that the credit losses estimated by Par were understated. I'm asking you about 2017.

Are you now testifying that you disagree

11:55 or that you believe that the $20,293,950 was also understated?

MS. BERLIN: Objection as to form.

A. I don't know. I didn't evaluate that $20,293,950. That was the CPA firm's estimate. I'm

11:55 assuming based on that draft report.

BY MR. SOTO:

Q. In fact, you didn't evaluate on an accrual basis the accuracy of any of the credit losses in Par's books, correct?

11:55 A. I don't understand that question.

Q. You just said you didn't verify the accuracy of the credit loss or the factoring loss for 2017, right?

MS. BERLIN: Objection as to form.

01:37 transcript of James Klenk, or did you read selected portions of it?

A. I read both deposition transcripts of both Klenk and Cole.

01:37 Q. In their entirety, correct?

A. Yes.

Q. Okay. You testified earlier when we began, you've never issued an expert report regarding a merchant cash advance business, correct?

01:38 A. Correct.

Q. You've never assessed the accuracy of credit loss provisions for an MCA business, correct?

Ms. Davis, did you hear my question?

A. I did. I'm just making sure that I answer
01:38 it correctly.

I -- I think that is correct. There have been some engagements that I've worked on, you know, involving MCA, you know, companies, but in terms of specifically evaluating the terminology that you
01:39 used, evaluating their credit loss provision, you know, from a GAAP perspective, I don't think that's something I've done in those projects.

Q. You never conducted an audit of an MCA business, have you?

01:39 A. No.

01:47

A. Thank you.
Q. It's PDF page 88.
MR. SOTO: Can we blow it up. We have to blow it up a little bit. Scroll. You have to scroll up. Scroll to the left so I can see the columns. I'm sorry, the other way. Scroll up to -- I'm sorry -- or down. The other way. I want you to go a page up.
A. If it would help, I have a printed copy of my report. I can just quickly find it.
BY MR. SOTO:
Q. Okay.
A. Would that be helpful to the process?
Q. Okay.
A. I'm sorry. I really just want to confirm. So I'll just flip through to that exhibit and -- I have it right here.
Okay. The factoring losses for 2017 were $20,580,713.
Q. Isn't that the same or a very similar factoring loss provision that was included in Friedman's audit, the unsigned version for 2017?
MS. BERLIN: Objection as to form. Asked -- sorry. Objection as to form. Asked and answered.

01:49 A. So again, the number is similar to what was -- what was included in that unsigned report.

BY MR. SOTO:

Q. Okay. Let's look at Exhibit 156.

01:49 (Thereupon, marked as Exhibit 156.)

MR. SOTO: And let's go to PDF page 32.

Thank you. Okay.

BY MR. SOTO:

Q. So if you look at factoring losses in the

01:50 second section there under "expense," can you see that, Ms. Davis?

A. Yes. Yes, I see it.

Q. Okay. And for the period ending December 31, 2017, you can see that the same number

01:50 appears in this exhibit, $20,580,713 that you just referenced that was -- that appeared in yours, right?

A. Yes.

Q. Okay. And so these -- Exhibit 156

01:50 represents the financials based on CBSG's internal financials for Par beginning 2012 and through December 31, 2019, correct?

A. This is an exhibit to Mr. Glick's declaration?

01:51 Q. It is. It's the last table on the final

02:07 BY MR. SOTO:
Q. Is that correct?
A. I don't know what the auditing firms recommended to Par Funding.
02:08 Q. You don't.
And you're not saying that their estimates were -- I'm not going to go over this again.
All right. Let's look at Exhibit 157 at PDF page 21.
02:08 (Thereupon, marked as Exhibit 157.)
BY MR. SOTO:
Q. Okay. Do you see PDF page 21, there's a paragraph 36 in front of you?
A. Yes.
02:09 Q. This is a -- this is taken from Mr. Glick's rebuttal report, and in that report, he identifies this as the Statement of Financial Accounting Concepts Number 5.
Do you see that where he says, "See 02:09 excerpt from CON5:"?
A. Yes.
Q. Okay. So an excerpt from that -- just can you tell us what a Statement of Financial Accounting Concepts is?
02:09 A. It's guidance for GAAP accounting issued

02:09 by FASB.

Q. And this -- this provision that -- in paragraph 36 that -- that is part of Accounting Concept Number 5 reads at the second sentence here

02:09 which is underlined, "At any time, a significant proportion of those cycles is normally incomplete and prospects for their successful completion and amounts of related revenues, expenses, gains, and losses vary in degree of uncertainty. Estimating

02:10 those uncertain results of incomplete cycles is costly and involves risks, but the benefits of timely financial reporting based on sales or other more relevant events, rather than on cash receipts or other less relevant events, outweigh those costs

02:10 and the risks."

Did I read that correctly?

A. Yes.

Q. Paragraph 36 begins with, "Earnings is a measure of performance during a period that is

02:10 concerned primarily with the extent to which asset inflows associated with cash-to-cash cycles substantially completed during the period exceed or are less than asset outflows, associated directly or indirectly with the same cycles."

02:11 Did I read that directly?

02:11 A. Yes.
Q. Okay. So doesn't Statement of Financial Accounting Concept Number 5 directly contradict your stated basis for doing a cash flow-based assessment
02:11 of the performance of Par's receivables --
A. No.
Q. -- instead of a more reliable accrual-based assessment?
MS. BERLIN: Object as to form.
02:11 A. Okay. I can -- I can answer now?
No, I disagree. I would -- I would never rely on Par Funding's accrual-based income to evaluate the profitability of the merchant advance transactions. Accrual-based income has not been
02:11 collected yet, and I recognize that there is a cycle involved. And perhaps for the transactions that were advanced in 2020 or in late 2019, the cycle may not yet be complete, but for the earlier years, 2015, '16, '17, '18, '19, the collection cycle would
02:12 be complete.
So looking at just accepting the accrual-based income is -- would not be appropriate, and it would be appropriate to analyze what was actually collected based on that accrual-based
02:12 income because the cycle should be complete.

02:15 and I've explained my analysis. I -- I told you that part of what I did was comparing the cash collected to the accrual-based income in order to determine that it wasn't as profitable -- profitable
02:15 as Par Funding thought it would be. And that's the analysis I conducted.

Q. Let's take a look at --

MR. SOTO: Sorry. I know it's Exhibit 152, and it's Exhibit K to that
02:15 exhibit. I think it might be PDF page 102. Yep, that's what I'm looking for. Let's just --

A. I see it.

BY MR. SOTO:

02:16 Q. So this is Exhibit K to your report, correct?

A. Yes.

MR. SOTO: And we're going to have to blow it up just a little bit because I can't see it.

02:16 BY MR. SOTO:

Q. So I think you testified earlier that your cash flow analysis for purposes of what you described as, you know, marrying the cash flow analysis to the accrual-based analysis would not
02:16 work for 2020 or the latter part of 2019, if I heard

02:17 you correctly.

MS. BERLIN: I'm sorry. I object to form.

A. So the latter part of 2019 and 2020, the merchant advance transaction cycle may not be
02:17 complete because the funds had just been advanced, you know, for the latter part of 2019 and the early part of 2020. And that's what I -- I believe that's what I -- I said when we were discussing the cycle.

BY MR. SOTO:

02:17 Q. Right. Right. So your cash flow analysis -- so your cash flow analysis of the receivables and your opinion here is not going to be applicable to receivables for 2020 or the latter part of 2019 based on your own testimony just a few
02:18 minutes ago?

MS. BERLIN: Object as to form.

A. So based on my analysis that's summarized in a different exhibit, which is the cash profitability analysis by year, I -- I determined
02:18 that the factor rates being earned on the merchant advance transactions were nowhere near what Par Funding had anticipated, and that was year after year after year for like four or five years in a row. I would need to look at the exhibit to confirm
02:18 the exact time.

02:20 A. So for 2019, I think that would only be the case or it should only be the case for the latter part of 2019 --

Q. Okay.

02:20 A. -- based on the average length of the -- of the merchant advance transactions.

Q. Okay. So --

A. And for 2020 -- sorry.

Q. So in Exhibit J, the returns for the

02:20 latter part of 2019, as you put it, in 2020 are misleading?

A. No, I don't think anything in this exhibit is misleading. It's -- it's simply math, and -- and it's a calculation based on the math.

02:20 Q. Okay.

A. And I don't think it's misleading.

Q. So you mentioned something about a collection cycle needing to be complete in your testimony, correct?

02:20 A. We discussed -- I think in the FASB provision that you showed me on the screen, there was mention of a collection cycle, you know, as it relates to GAAP accounting.

Q. I'm not referring to that, I'm referring

02:21 to your testimony that you believed that your cash

02:21 flow analysis is -- according to your report, marries to an accrual-based analysis so long as the collection cycle that you're assessing would be complete?

02:21 A. Yes, that -- yeah, that is correct.

Q. Okay. And you said that the collection cycle would not be complete for purposes of advances done in the latter part of 2019 and 2020?

A. That's correct. It would -- it would be 02:21 incomplete. And that's why there's a negative number in this exhibit under 2020. It's a negative $50 million because they obviously haven't collected everything that they advanced.

Q. Okay. So I'd like to direct your 02:22 attention to --

MR. SOTO: Let's -- let's scroll a little bit to the right of this report. There we go.

BY MR. SOTO:

Q. Okay. So the -- the second line is under 02:22 Column L, "funds disbursed"?

A. Yes.

Q. The second line there is for 2014, correct? The first line is for 2013?

MR. SOTO: Can we scroll to the right?

02:22 A. No, it's 2012, '13, and then '14.

02:23 Q. And they recovered in 2015 just shy of $4 million --
A. Yes.
Q. -- on advances made in 2013 -- I'm sorry,
02:24 '14.
A. Yes.
Q. Correct?
A. Yes.
Q. And in 2016, they received cash receipts
02:24 from these advances in 2014 of nearly $300,000.
A. Yes.
Q. They continued to receive cash from the advances made in 2014 in 2017, in 2018, in 2019, and in fact, even in 2020.
02:24 A. Yes.
Q. Correct?
A. Yes.
Q. Okay.
A. Yes.
02:24 Q. Okay. And there are various other examples in your chart that suggest that Par Funding continued to collect on advances made over a course of years, correct?
A. Agreed.
02:24 Q. Okay. And so your analysis, your cash

02:29 45 percent in 2014, and then after that, it just goes way down. 25 percent, 15 percent as compared to 33 percent.

So there was no trajectory of -- of

02:29 improved collection rates. It just seemed to get worse year after year.

And then I took a next step and considered the columns to the right, the -- the accounts receivable that remained outstanding as of

02:29 July 27th, and I -- my report includes a discussion about that. And -- and my analysis considered the accounts receivable remaining as of -- as of July 27th and a consideration of the actual factor rates that were being achieved historically over a

02:29 five- or six-year period. And that -- that is my methodology or, you know, support for making that statement.

Q. Right. So a historical cash flow assessment as opposed to an accrual-based assessment

02:30 which is what GAAP clearly prefers in order to make the conclusions that you're making.

A. An accrual-based assessment --

Q. Go ahead.

A. -- requires, you know, the -- the company

02:30 to record income in the year or the period in which

02:30 it is earned, but also to evaluate whether or not that income may be -- actually be collected.

Q. Are you suggesting that they didn't evaluate whether that income should be collected?

02:30 A. My -- my analysis was prepared to evaluate the actual cash collections as compared to what had been reported in the accrual-based income to determine whether or not the accrual-based income was -- was correct. And -- and my -- my analysis

02:31 indicates that based on the amount of funds disbursed, which is essentially what they should have collected back and then plus a factor fee, that the company was not performing anywhere near what was anticipated in the factor agreements and the

02:31 returns were much lower.

Q. Okay. I think you've testified that you chose to undergo this cash flow analysis because you just didn't think that Par Funding's assessment of credit provisions was accurate, but you did nothing

02:32 to assess the accuracy of Par's credit loss provisions on an accrual basis.

MS. BERLIN: Objection. Objection as to form.

A. It's inherent by default in my analysis.

02:32 The analysis demonstrates that the credit loss provisions were insufficient because the returns that they were earning were nowhere near what was anticipated in the factoring agreements. There -- therefore, the factoring loss provisions should have been much higher to match more in line with what was actually being collected.

BY MR. SOTO:

Q. Can you point me to any provision in GAAP that prefers an assessment of credit loss provisions or accrual-based revenue based on a cash flow analysis instead of an accrual-based assessment?

A. It's -- it's -- it is based on what will be collected, what management estimates will actually be collected on an accounts receivable.

Q. Ms. Davis, I'm asking you a different question.

Can you point me to any provision in GAAP that prefers the cash-flow-based assessment that you did in favor of an accrual-based assessment of receivables to determine performance or a company to determine performance? Can you point me to any provision in GAAP that supports that?

MS. BERLIN: Excuse me one moment. I object as to form.

A. We can look at GAAP provisions that state

02:33 management must evaluate accounts receivable for purposes of collectibility, and that is the same as determining what cash you are actually going to collect.

02:33 BY MR. SOTO:

Q. I'll ask you again.

Can you point me to a GAAP-based provision that prefers --

A. Okay. Would you like me to open up my 02:34 screen? Is that what you want me to do? Do you want me to go into my directories and find -- do accounting research and find the language?

Q. Ms. Davis, you're talking over me. You have to let me finish my question.

02:34 MS. BERLIN: I -- I object to that. I believe the transcript will reflect that the opposite occurred.

BY MR. SOTO:

Q. Okay. Ms. Davis, I asked you to point me 02:34 to a provision in GAAP that prefers a cash-flow-based assessment of a company's profitability --

A. Okay.

Q. -- over an accrual-based assessment, and 02:34 you talked to me about --

02:34
A. Oh, okay.
Q. -- something completely different, which is a company's methodologies for measurement. That's not what I'm asking about.
02:34
I'm asking about the GAAP provision that prefers the analysis that you undertook, which is a cash-flow-based analysis to determine profitability as opposed to an accrual-based assessment.
If you can point me to that provision,
02:35
that would answer my question.
A. There are provisions in GAAP that require the assessment of accounts receivable, which means how much cash you're going to collect, and the -- the allowance for accounts receivable when -- when
02:35
management is estimating what that is, those -- they must consider when the accounts receivable will actually be liquidated into cash, how much cash that will be. That is -- that is a requirement in GAAP for estimating collectibility, which essentially is
02:35
the same as cash when establishing how much, you know, in this particular case, the factoring losses should be. That is -- that is the GAAP that I can point you to.
MR. SOTO: Okay. If that is the end of
02:36
your answer, we're going to take a ten-minute

07:23 obligations were due in one day or 20 days or three years. It was just a comparison.

Q. So -- so to be clear, you said, was there money cash on hand today or as of July 27th to fund

07:23 obligations that extend seven years.

Is that your testimony?

MS. BERLIN: Object to form.

THE WITNESS: Excuse me.

A. What I said was the accounts receivable on

07:23 hand. It wasn't cash.

BY MR. FUTERFAS:

Q. Right.

A. That was the point.

Q. Accounts receivable on hand on July 27,

07:23 '21 -- 2020, excuse me, but to fund or to -- to fund debt that's not due for a period of seven years; isn't that correct?

A. I don't know when the debt was due.

Q. Well, okay. That's exactly right. You

07:24 did not analyze of that 388 million when that debt was due and what the interest rate was on that debt over the next seven years, did you?

A. The only thing I -- I analyzed, as I stated was, I compared the amount of accounts

07:24 receivable as compared to the amounts that were owed

A. So what the -- the objective of paragraph 124 in the analysis was a comparison of the amount of accounts receivable available as of July 27, 2020 as compared to the amount owed to the investors and the joint funders as of the same date. It does not consider any future business operations. It does not consider the dates that the payments were due to the investors or the joint funders.

I stated many times now what the analysis is that I prepared. It was a comparison of the accounts receivable as of July 27, 2020 with the amounts due to the investors and the joint funders as of the same date.

MR. FUTERFAS: Thank you. Give me one second.

All right. That's it. I have no further questions. Thank you, Ms. Davis.

Mr. Soto, do you have more questions?

MR. SOTO: I do not.

THE VIDEOGRAPHER: Ms. Berlin?

MS. BERLIN: Yes, is there any other defendant or defense counsel who -- I guess just defense counsel who wanted to ask a question of Ms. Davis since -- Mr. Furman, I know you're here, but I -- I understand you

07:33 have counsel now.

But I -- I don't know, is there anyone on the call who wants to ask any question of Ms. Davis?

07:34 Okay. I'm not hearing anything.

I just have a couple of brief questions.

EXAMINATION

BY MS. BERLIN:

Q. Ms. Davis, earlier in your testimony, you

07:34 referenced the collections cycle.

I wonder if -- is -- did you calculate the collections cycle for the -- each of the transactions -- for the transactions?

A. So the collections cycle is not something

07:34 that I calculated, so no, I did not calculate that.

Q. Okay. And the collections cycle that you referenced in your testimony today with Mr. Soto, was that referencing some collections cycle, like period of time that you went in and calculated, or

07:35 is it simply a methodology that you utilized so that you were providing the most conservative representation of the figures when you examined collectibility?

MR. SOTO: Objection to form.

07:35 A. Excuse me. The collections cycle that --

07:35 that we talked about today, I think, was revolved around the exhibit and the chart that I prepared where I segregated, I think it was years 2012 through 2018 from 2019 through '20. And I -- and I

07:35 explained that the reason that I did that is because the collections cycle may not have been complete for the deals funded towards the end of 2019 and 2020, meaning that the repayment terms per the factoring agreements, while they did average, I think it was

07:36 about 120 days, some of them could have been longer.

So to be very conservative in calculating the percentages that are reflected in that exhibit and that chart, I just segregated the years 2019 and '20 from the other years for purposes of calculating

07:36 those -- those rates of return.

MS. BERLIN: Okay. Thank you. I have no further questions.

THE VIDEOGRAPHER: Will that complete today's deposition?

07:36 MR. SOTO: Yes, on behalf of Mr. LaForte, yes.

THE VIDEOGRAPHER: Okay. It is September 8, 2021. The time is now 7:37 p.m., completing today. Off the record.

07:37 (Time noted: 7:37 p.m.)

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

CASE NO. 20-cv-81205-RAR

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

vs.

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

Defendant.
_________________________/

VOLUME I

DEPOSITION OF JAMES KLENK

TAKEN ON BEHALF OF THE DEFENDANT

JULY 26, 2021
9:30 A.M. TO 6:55 P.M.

ALL PARTIES APPEARED REMOTELY
PURSUANT TO
FLORIDA SUPREME COURT ORDER AOSC20-23

REPORTED BY:
GABRIELA ARGENAL, COURT REPORTER
NOTARY PUBLIC, STATE OF FLORIDA

EXHIBIT E

name of Jeffrey Calvin?
A Not off the top of my head.
Q And do you recall -- let me see if I can refresh your recollection. Do you recall that he was hired by the Shehebars to audit CBSG?
A Not to my recollection.
Q Do you have any recollection of whether Mr. Calvin invested in CBSG?
MR. ALFANO: I'm going to object to the form.
A Joe Cole handle the investors, I don't know them instantly.
Q (By Mr. Futerfas) Okay. So, that name -- just to put a period on this, that name Jeffery Calvin doesn't ring a bell for you?
A There was one individual that came in with his accountant for about two hours in the beginning of somewhere around April or May of '19, but may have been him may not have been him.
Q Whoever this individual was, it sounds like he didn't have a lot of interaction with this person?
A It was -- if it's the same individual that it was just one meeting and that was it.
Q Okay.
A He was just looking at some financial. He was looking at the order and a couple of numbers and that

was it.
Q Okay. Were you present at that meeting?
A I was present. Yes.
Q And did this have to do with the Shehebar family?
A I don't recollect.
Q Okay. What do you recollect about -- just may not be a lot, but what do you recollect about the meeting?
A It was about a two-hour meeting and the individual brought his accountant with them. He was looking at our version of QuickBooks and he pulled up me about three or four invoices looking how the invoices were transactioned in the system and asking to see couple bank statements, he wanted to trace payments going out and that was it.
Q Okay. And then that individual brought -- you recall that individual brought his or her accountant?
A His account -- that's the accountants the one that performed it. He said they're the accountants.
Q Okay. All right. Now, we talked a little bit earlier about the Friedman audit and was there an issue with the Friedman audit concerning the default loss provision?
A There were disagreements over it.

Q Fair enough. And what was the nature of those disagreements?
A Individuals@cbsg or Complete Business Solutions Group thought that the restaurants were too high.
Q Meaning the Friedman --
A -- were too high.
Q Okay. The Friedman's estimates were too high?
A Correct.
Q Okay. And who were those individuals -- well, withdrawn. Were you one of the individuals who thought the estimates were too high?
A After looking at the work, no.
Q Okay. And what about at the time in 2017?
A I wasn't at the company in 2017.
Q Okay. So, what about -- well, when you say--
(Thereupon, a short discussion was held off record.)
(Deposition resumed.)
Q (By Mr. Futerfas) So, Mr. Klenk, you said that there was a dispute over the default loss provision calculation. Right. Remember that?
A Yes.
Q Okay. And at the time this dispute occurred, was this in 2018?

A Yes.
Q And the year in question was 2017, right?
A Yes.
Q Okay. And did there come a point in 2018 when you knew the actual default losses for 2017?
A I'm sorry. You're saying the actual losses for '17?
Q Yes?
A Friedman provided their estimate what the losses -- the adjustment for the losses.
Q Okay. And that we -- you testified that before that that's an estimate. Correct?
A It was still an estimate because we had outstanding AR from 2017 that was not collected.
Q Okay. So, at some point in 2018, was a decision made or -- withdrawn.
In some point in 2018, did you have actual numbers of actual losses for 2017?
A Losses that refer back to '17? Yes.
Q Yes. I'm sorry?
A Yes.
Q Okay. And do you know -- do you remember if those losses exceeded the estimate or were lower than the estimate?
A The adjustments for Friedman were

approximately $9.8-$9.9 million higher than what we had originally recorded.

Q Right. And what I'm asking you is, when you knew what the actual losses were sometime in '18, were those losses closer to the number that you all had originally recorded or closer to the number that Friedman suggested in their estimate?

MR. ALFANO: I'm going object to the form because I thought the Witness said they were both actual numbers and an estimate component for 2017 AR that was still not collected.

THE WITNESS: Gaetan, it's correct, that's what I said.

MR. ALFANO: Your question keeps limiting it to the actual losses as opposed to additional estimate.

Q (By Mr. Futerfas) Well, let me ask you this, by 2019, did you have actual loss in numbers for 2017?

A No, because a number of those deals were still outstanding.

Q Okay.

A Prior e-mail, which we had, Alan.

Q I'm sorry. Go ahead.

A The e-mail we had, as you notice we put an estimate on there at 44%-45% and nonperforming, you were

asking about that e-mail earlier, was still an estimate on the books.

Q Okay. And did the -- what was it. Did the Friedman estimate provision was we call the default loss provision, did the Friedman default loss provision, did that remain on the books of CBSG?

MR. ALFANO: I'm going to object to the form of the question.

A We recorded their estimate. Yes.

Q (By Mr. Futerfas) Okay. And that remained on the books of CBSG in 2018. Correct?

A Correct.

Q And into 2019. Right?

A Yes, we would have closed the books for 2017, so we kept their estimate on the books as the ending number for 2017.

Q Okay. So, the bottom line is although there was a dispute as to the amount of that number, right, the bottom line was CBSG kept Friedman's number on the books and records of CBSG through '18 and through '19. Correct?

MR. ALFANO: We're going to object to the use of that number, two numbers, that's the --

A Joe Cole decided to -- to answer your question --

Q (By Mr. Futerfas) Okay.

A Joe Cole decided to keep the adjusted bid that numbers on the books for 2017 and not make the entry to move it to the -- or excuse me, to the adverse opinion. He wanted the good numbers on the books.

Q What was the -- you call the number that Friedman said was their estimate?

A Friedman added as I mentioned roughly $9.8-$9.9 million on to the bad debt estimate.

Q Okay. And what was the bad debt estimate from the company side?

A $9.8-$9.9 million lower than what was the audited financials.

Q Okay. So, what I'm asking is what was the bad debt number, do you recall if the number was about 10 million, 11 million, 12 million?

A Off the top of my head, no, but I can speculate what the number is.

MR. ALFANO: No. Going to instruct him not to speculate.

THE WITNESS: Okay.

Q (BY Mr. Futerfas) Was it about 12 million?

MS. BERLIN: Objection, asked --

MR. ALFANO: I'm going to instruct him not to answer. He said he doesn't know off the top of the

head.

MR. FUTERFAS: Okay.

MS. BERLIN: Objection, asked and answered.

Q (BY Mr. Futerfas) Okay. But the Friedman number, which was 9.8 million higher, right, was the Friedman number eventually adopted in the books and records of CBSG?

A Yes.

Q Okay. So, the first thing that happened -- well -- withdraw. Let me ask you it this way.

Friedman first issued -- the Friedman LLP accounting firm first issued an unqualified report with their default loss, provisional estimated number. Right?

A Correct.

Q And then people at CBSG, as you suggested, disputed that number. Right?

A Yes. There was a dispute over the number.

Q Okay. And where back then in 2018, where did you come out on this dispute?

MR. ALFANO: It's been asked and answered.

MR. FUTERFAS: No, it hasn't.

MR. ALFANO: It has been. I want him answer-

MS. BERLIN: Objection, asked and answered.

Q (By Mr. Futerfas) You may answer the question.

A So, once Friedman showed me their supporting