

UNITED STATES OF AMERICA  
Before the  
SECURITIES AND EXCHANGE COMMISSION

ADMINISTRATIVE PROCEEDING  
File No. 3-16203

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In the Matter of	:
	:
ANTHONY CORONATI	:
and BIDTOASK LLC,	:
	:
Respondents.	:

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**PLAN OF DISTRIBUTION**

1. *Purpose of the Plan of Distribution.* The Division of Enforcement has prepared this Plan of Distribution (the “Plan”) to compensate investors injured by the conduct that served as the basis for its findings of securities law violations in the Commission’s Order<sup>1</sup> against Anthony Coronati (“Coronati”) and Bidtoask LLC (“Bidtoask”) (collectively, the “Respondents”). According to the Order, from at least 2009 through 2013 (the “Relevant Period”), the Respondents raised over \$2 million from investors in several fraudulent offerings. The Respondents’ fraudulent scheme induced investors to invest as a result of a variety of materially false and misleading statements including but not limited to how investor funds would be invested, how Coronati would be compensated, and the value of investors’ securities positions. *See* Order. Investors in this matter purchased one or more of the following securities from Coronati and/or Bidtoask (the “Investments”): (a) units in the purported Corsac Group Limited (“Corsac Fund”), a fund in the form of a limited partnership that the Commission found not to exist; (b) shares in Corsac, a corporation that purported to serve as an investment adviser to the Corsac Fund; (c) membership interests in Bidtoask, a limited liability company that purportedly would invest directly in pre-initial public offering shares in Facebook, Inc. without charging, in most cases, fees, commissions, or markups; and (d) membership interests in Bidtoask based on the false representation that Bidtoask held or would hold shares in two privately owned technology companies, Xora, Inc. and Specific Media, Inc.

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<sup>1</sup> Order Instituting Administrative and Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933, Section 21C of the Securities Exchange Act of 1934, Sections 203(f) and 203(k) of the Investment Advisers Act of 1940 and Section 9(b) of the Investment Company Act of 1940, Making Findings, and Imposing Remedial Sanctions and a Cease-and-Desist Order, Securities Act Rel. No. 9666 (Oct. 17, 2014).

Eligible investors able to receive a payment pursuant to this Plan are limited to only those persons who were fraudulently induced to purchase during the Relevant Period one or more of the Investments<sup>2</sup> and who, based on the Plan's methodology as described in paragraph 13, also suffered a net harm amount.

Based on information from the Commission's investigation, the Commission's staff has determined that 28 persons purchased one or more of the Investments and suffered a net harm amount. The table in paragraph 13(d) lists each of these investors, along with a calculation of the investor's net harm and the *pro-rata* share the investor would receive of the funds available for distribution.

2. *Background.* The Division of Enforcement submits this Plan to the Commission pursuant to Rule 1101 of the Commission's Rules on Fair Fund and Disgorgement Plans (the "Commission's Rules"), 17 C.F.R. § 201.1101. The Plan provides for the distribution of the disgorgement, prejudgment interest, and civil penalties paid by Coronati and/or otherwise received by the Commission pursuant to the Order.

The Order found that, in summary, from at least 2009 through 2013, the Respondents raised over \$2 million from investors in several fraudulent securities offerings and misappropriated over \$400,000 of that amount. Coronati's first two fraudulent offerings were for a purported hedge fund called Corsac Group Limited or Corsac Limited and for shares in Corsac Inc., which he represented without basis would soon hold an initial public offering ("IPO"). *See* Order at paragraphs 10-23. The Respondents also obtained investor funds by offering membership interests in Bidtoask. *See* Order at paragraphs 24-31. The Respondents represented that Bidtoask would invest or had invested in promising technology companies that had yet to hold IPOs. In fact, Bidtoask held no shares in the two privately-owned technology companies offered to investors, and neither company was in the process of an IPO. *See* Order at paragraphs 32-37. Although Bidtoask did make two genuine pre-IPO investments related to Facebook— with significant fees that Coronati and Bidtoask concealed from investors — Coronati misappropriated some of the funds. *See* Order at paragraphs 28 and 30. Also, while Respondents did distribute to investors a portion of the proceeds from the sale of Facebook shares acquired that were not misappropriated, Coronati failed to distribute any share sale proceeds to three investors who purchased membership interests in Bidtoask related to Facebook. *See* Order at paragraph 31. As a result of this conduct, the Order found that Coronati willfully violated and Bidtoask violated Section 17(a) of the Securities Act of 1933 and Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder. Coronati additionally willfully violated Sections 206(1), 206(2), and 206(4) of the Investment Advisers Act of 1940 and Rule 206(4)-8 thereunder.

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<sup>2</sup> The Order found, among other things, that there were (a) "at least eleven investors invested in the fictitious Corsac Fund"; (b) "at least six investors invested in Corsac" shares; (c) "approximately forty -four investors" who purchased membership interests in Bidtoask; and (d) "ten investors" in the two technology companies, Xora, Inc. and Specific Media, Inc. (The Order did not identify either of the two technology companies.)

The Commission ordered Coronati to pay \$400,000.00 consisting of disgorgement of \$292,646.36, prejudgment interest of \$7,353.64 and a civil penalty of \$100,000.00. The Order provided that the payments were to be made over a period of one year within the entry of the Order. As of March 30, 2017, Coronati has paid \$150,000.00 of the \$400,000.00 due.

3. *Fair Fund.* Pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, as amended, the Order created a Fair Fund for all of the funds to be paid by Coronati (the “Fair Fund”). The Fair Fund is currently on deposit in a Commission designated account at the United States Department of the Treasury (“U.S. Treasury”). If Coronati makes additional payments on amounts owed pursuant to the Order, such funds will be added to the Fair Fund and distributed in accordance with the Plan’s methodology, described in paragraph 13.

4. *Reserve and Net Fair Fund.* There will be a hold back of ten percent (10%) of the Fair Fund (the “Reserve”). The Reserve may be used, if necessary, to accommodate any unexpected expenditures or distribution payments. The Reserve may be distributed in accordance with the Plan’s methodology, subject to the discretion of the Fund Administrator. Any such disbursement of the Reserve will be made pursuant to paragraph 10 of this Plan. The “Net Fair Fund” is the Fair Fund, less the Reserve, and less any federal, state, or local taxes, fees or other expenses of administering the Plan.

5. *Jurisdiction and Approval.* This Plan has been approved by the Commission, and the Commission retains jurisdiction over the implementation of this Plan.

6. *Fund Administrator.* Nichola L. Timmons, Assistant Director, Office of Distributions in the Commission’s Division of Enforcement, is the administrator of the Fair Fund (“Fund Administrator”). As a Commission employee, the Fund Administrator will receive no compensation from the Fair Fund for her services in administering the Fair Fund. In accordance with Rule 1105(c) of the Commission’s Rules, 17 C.F.R. § 201.1105(c), no bond is required because the Fund Administrator is a Commission employee. In carrying out her duties, the Fund Administrator may be assisted by other Commission staff acting under her supervision.

7. *Fund Administrator Responsibilities.* The Fund Administrator will, among other things, oversee the administration of the Fair Fund, obtain mailing information for investors, distribute money from the Fair Fund in accordance with the Plan, resolve disputes, and distribute the Fair Fund to Eligible Investors, as defined in paragraph 12. In accordance with the Omnibus Order Directing the Appointment of Tax Administrator in Administrative Proceedings that Establish Distribution Funds, Exchange Act Rel. No. 68683 (January 17, 2013), the Fund Administrator will also cooperate with the Tax Administrator, defined in paragraph 8, as necessary, prepare a final accounting with assistance from the Tax Administrator, and oversee the disbursement of funds to the Tax Administrator for the payment of tax liabilities, tax compliance fees and related costs.

8. *Tax Administrator.* The Commission has appointed Damasco & Associates LLP<sup>3</sup> as the tax administrator (“Tax Administrator”) of the Fair Fund.<sup>4</sup> The Tax Administrator will be compensated for reasonable fees and costs with funds from the Fair Fund in accordance with its 2013-2015 Engagement Letter Agreement with the Commission. Tax obligations such as tax liabilities, compliance fees, and related cost will be paid out of the Fair Fund.

9. *Qualified Settlement Fund.* The Fair Fund constitutes a Qualified Settlement Fund (“QSF”) under Section 468B(g) of the Internal Revenue Code, 26 U.S.C. § 468B(g), and related regulations, 26 C.F.R. §§ 1.468B-1 through 1.468B-5.

10. *Control and Disbursement of Fair Fund.* The Commission has control of the Fair Fund and retains control of the Fair Fund throughout the distribution. Fair Fund payments will be distributed by U.S. Treasury’s Bureau of the Fiscal Service (“BFS”). Following a Commission order or orders directing disbursement of the Fair Fund, the Fund Administrator will use the Fair Fund to provide payments to Eligible Investors and provide the Tax Administrator with funds as described in paragraph 7.

11. *No claims-made process.* The Fair Fund is not being distributed according to a claims-made process because the Commission staff has reasonably concluded that it has all records necessary to calculate harm as described in paragraph 13. As a result, procedures for making and approving claims in accordance with Rule 1101(b)(4) of the Commission’s Rules, 17 C.F.R. § 201.1101(b)(4), are not applicable.

12. *Specification of Eligible Investors.* As noted in paragraph 1, Eligible Investors are limited to only those persons who were fraudulently induced to purchase, during the Relevant Period, one or more of the Investments and who also suffered a net harm amount. Based on information obtained during the Commission’s investigation and in accordance with the methodology for determining harm in paragraph 13, the Commission staff has identified twenty-eight (28) Eligible Investors based on each investor having suffered a net harm amount.

13. *Methodology for Determining Payment Amounts for Eligible Investors.* The Fund Administrator will determine the amount to be distributed to each Eligible Investor from the Net Fair Fund as follows. In the view of the Fund Administrator, this methodology constitutes a fair and reasonable allocation of the Net Fair Fund.

- (a) *Determination of Investor Eligibility.* Using information collected by the Commission staff, the Fund Administrator will determine for each potentially eligible investor, a total investment amount (“Investment Amount”) calculated as the sum of actual principal investments by a potentially eligible investor. The Fund Administrator will then sum any monies received by a potentially eligible investor including, but not limited to, payments, if any, from the Respondents, from settlements, from insurance, and from any other third party (“Offsetting

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<sup>3</sup> As of October 1, 2016, Damasco & Associates LLP became a part of Miller Kaplan Arase LLP. The firm’s engagement with the SEC and its ability to carry out its duties as the appointed Tax Administrator for this case has not changed.

<sup>4</sup> Order Appointing Tax Administrator, Exchange Act Rel. No. 73475 (Oct. 30, 2014).

Amount”). The Fund Administrator will subtract the Offsetting Amount from each potentially eligible investor’s Investment Amount to calculate the potentially eligible investor’s net harm (“Harm Amount”).<sup>5</sup> Such investors whose Harm Amount is a positive number are eligible to receive a payment (“Eligible Investors”).

- (b) *Determination of an Eligible Investor’s Pro Rata Share.* The Fund Administrator will sum each Eligible Investor’s Harm Amount as the total harm (“Total Harm”). The Commission staff has estimated this amount as approximately \$618,699.48. Currently, the dollar value of the Net Fair Fund (approximately \$125,000.00) is significantly less than the Total Harm. Since there likely will not be enough funds to fully compensate the Eligible Investors, a *pro rata* distribution will be used. The Fund Administrator will divide each Eligible Investor’s Harm Amount by the Total Harm to determine the percentage each Eligible Investor’s Harm Amount represents of the Total Harm. The resulting percentage is each Eligible Investor’s *pro rata* share of the Total Harm (“*Pro Rata Share*”).
- (c) *Determination of an Eligible Investor’s Payment Amount.* For each Eligible Investor, the Fund Administrator will multiply the *Pro Rata Share* by the Net Fair Fund to determine each Eligible Investor’s distribution amount (“Fair Fund Payment”).
- (d) *Calculations.* Based on this methodology, the calculation of Eligible Investors’ Harm Amounts and *Pro Rata Shares* is as follows:

<b>Eligible Investor #</b>	<b>Harm Amount</b>	<b>Pro Rata Share</b>
Eligible Investor #1	\$9,000.00	1.45%
Eligible Investor #2	\$15,748.84	2.55%
Eligible Investor #3	\$10,925.70	1.77%
Eligible Investor #4	\$11,004.00	1.78%
Eligible Investor #5	\$1,051.36	0.17%
Eligible Investor #6	\$14,203.41	2.30%
Eligible Investor #7	\$9,000.00	1.45%
Eligible Investor #8	\$5,000.00	0.81%
Eligible Investor #9	\$150,000.00	24.24%
Eligible Investor #10	\$122,500.00	19.80%
Eligible Investor #11	\$8,402.74	1.36%
Eligible Investor #12	\$9,000.00	1.45%
Eligible Investor #13	\$4,500.00	0.73%

<sup>5</sup> For Eligible Investors who purchased a Facebook-related membership interest in Bidtoask, the Harm Amount does not include any increase or decline in the market price for Facebook shares that occurred prior to Respondents’ sale of actual Facebook-related interests made on behalf of such investors. Any increase or decrease in the share price of Facebook shares was unrelated to the misconduct described in the Order.

<b>Eligible Investor #</b>	<b>Harm Amount</b>	<b>Pro Rata Share</b>
Eligible Investor #14	\$50,000.00	8.08%
Eligible Investor #15	\$6,043.30	0.98%
Eligible Investor #16	\$4,500.00	0.73%
Eligible Investor #17	\$35,851.40	5.79%
Eligible Investor #18	\$10,000.00	1.62%
Eligible Investor #19	\$4,999.00	0.81%
Eligible Investor #20	\$29,197.24	4.72%
Eligible Investor #21	\$4,500.00	0.73%
Eligible Investor #22	\$20,000.00	3.23%
Eligible Investor #23	\$15,000.00	2.42%
Eligible Investor #24	\$20,000.00	3.23%
Eligible Investor #25	\$35,000.00	5.66%
Eligible Investor #26	\$9,000.00	1.45%
Eligible Investor #27	\$1,897.49	0.31%
Eligible Investor #28	\$2,375.00	0.38%
<b>TOTALS</b>	\$618,699.48	100%

14. *Procedures for Locating and Notifying Eligible Investors.* The Commission staff has identified twenty-eight (28) Eligible Investors based on each investor having suffered a net Harm Amount. Within ten (10) business days of the publication of the Notice of Proposed Plan and Opportunity for Comment (the “Plan Notice”), the Commission will send a copy of the Plan Notice to the last known email address (if known) and/or mailing address of the Eligible Investors. Within sixty (60) days of the Commission’s approval of the Plan, the Fund Administrator will send each Eligible Investor a notice regarding the approval of the Plan (“Plan Approval Notification”). The Fund Administrator’s correspondence will include as appropriate, a statement characterizing the distribution, a link to the approved Plan posted on the Commission’s website and instructions for requesting a copy of the Plan, a Harm Amount calculation and a preliminary calculation of the Fair Fund Payment, a description of the tax information reporting and other related tax matters, the procedure for the distribution as set forth in the Plan, and the name and contact information for the Fund Administrator in order to provide any requested information or to contact with questions regarding the distribution. The Fund Administrator will coordinate with the Tax Administrator to request information from each Eligible Investor that is needed to accomplish the distribution in accordance with applicable tax requirements relating to the Fair Fund.

- (a) *Failure to respond.* If an Eligible Investor fails to respond within thirty (30) days from the mailing of the Plan Approval Notification, the Fund Administrator will make no fewer than two (2) attempts to contact the Eligible Investor by telephone or email. The second attempt will in no event take place more than forty-five (45) days from the mailing of the Plan Approval Notification. If an Eligible Investor

fails to respond to the Fund Administrator's contact attempts as described in this paragraph, the Fund Administrator, in her discretion, may remove such Eligible Investor from the distribution and the allocated amount of the Fair Fund Payment will be distributed to the remaining Eligible Investors pursuant to the Plan.

- (b) *Undeliverable Mail.* If a Plan Approval Notification and/or Fair Fund Payment is/are returned as undeliverable, the Fund Administrator will make the best practicable efforts to ascertain an Eligible Investor's correct address. If another address is obtained, the Fund Administrator will then resend the Plan Approval Notification and/or Fair Fund Payment to the Eligible Investor's new address within thirty (30) days of receipt of the returned Plan Approval Notification and/or Fair Fund Payment. If the Plan Approval Notification and/or Fair Fund Payment is returned again, and the Fund Administrator, despite best practicable efforts, is unable to find an Eligible Investor's correct address, the Fund Administrator, in her discretion, may remove such Eligible Investor from the distribution and the allocated amount of the Fair Fund Payment will be added to the Net Fair Fund and will be distributed to the remaining Eligible Investors. In no event will an Eligible Investor receive from the Fair Fund more than the Eligible Investor's Harm Amount.

15. *Distribution Timing.* The Fund Administrator will use her best efforts to start the first distribution within one hundred and twenty (120) days of the Plan's approval. Unless additional funds are collected following the approval of the Plan, it is anticipated that there will be only one distribution to Eligible Investors.

16. *Bureau of the Fiscal Service; Validation and Approval of Disbursement of the Fair Fund.* The BFS will mail checks or electronically transfer funds to each payee as instructed by the Fund Administrator. The Fund Administrator will compile the payee information and prepare a payment file to make the disbursements through BFS. Pursuant to Rule 1101(b)(6) of the Commission's Rules, 17 C.F.R. § 201.1101(b)(6), the Fund Administrator will obtain an order from the Commission to disburse the Fair Fund.

The Fund Administrator will work with BFS to obtain information about uncashed checks, any returned items due to non-delivery, insufficient addresses, and/or other deficiencies. The Fund Administrator is responsible for researching and reconciling errors and reissuing payments when possible. The Fund Administrator is also responsible for accounting for all payments. Checks issued by BFS will state on their face that they are valid for one (1) year. If any checks issued are not cashed within the one (1) year time period, the Fund Administrator will work with BFS to identify all uncashed checks. In the event that there are uncashed checks, the Fund Administrator will determine the extent to which, under the circumstances in this distribution, it would be appropriate and feasible to make additional efforts to contact the Eligible Investor(s). Following the conclusion of any efforts by the Fund Administrator to locate any such Eligible Investor(s), the amount of all uncashed checks will be credited to the Fair Fund and may, if ordered by the Commission, be distributed to the remaining Eligible Investors.

17. *Amendments and Procedural Deadline Extensions.* The Fund Administrator will take reasonable and appropriate steps to distribute the Net Fair Fund according to the Plan. If there are any changes to the Plan that are determined to be material, Commission approval is required prior to implementation by amending the Plan, which may be done upon the motion of any party, the Fund Administrator, or upon the Commission's own motion. Immaterial changes may be made by the Fund Administrator. For good cause shown, the Fund Administrator may extend any of the procedural dates set forth in the Plan.

18. *Procedure for the Receipt of Additional Funds.* Should any outstanding payments or any other additional funds be received for this matter by the Commission, prior to the Commission's termination of the Fair Fund, such funds will be added to the Net Fair Fund and distributed in accordance with the Plan's methodology in paragraph 13.

19. *Procedures for Disputing Amounts Received.* Disputes will be limited to the calculation of the Fair Fund Payment amounts to Eligible Investors. Within thirty (30) days of the date that the Plan Approval Notification is sent to an Eligible Investor, the Fund Administrator must receive a written communication detailing the dispute along with any supporting documentation. The Fund Administrator will investigate the dispute, and such investigation will include a review of the written dispute as well as any supporting documentation. Within thirty (30) days of receipt of the written dispute, the Fund Administrator will notify the Eligible Investor of her resolution of the dispute, which will be final. This procedure will be set forth in the Plan Approval Notification.

20. *Disposition of Undistributed Funds.* A residual account within the Fair Fund will be established for any amounts remaining after the final disbursement to Eligible Investors from the Fair Fund. The residual account may include the Reserve, funds reserved for future taxes and related expenses, distribution checks that have not been cashed, from checks that were not delivered or from funds returned to the Commission, Fair Fund tax refunds for overpayment or for waiver of IRS penalties. All funds remaining in the residual account will be transferred to the U.S. Treasury after the final accounting is approved by the Commission.

21. *Accountings.* When all funds have been disbursed, except for the residual described in paragraph 20 of the Plan, the Fund Administrator will submit a final accounting pursuant to Rule 1105(f) of the Commission's Rules, 17 C.F.R. § 201.1105(f), for the approval of the Commission prior to termination of the Fair Fund and discharge of the Fund Administrator. Since the funds are being held in a Commission designated account at the U.S. Treasury and a Commission employee is proposed as the Fund Administrator, no interim accountings will be made.

22. *Termination of the Fair Fund.* Following the final disbursement from the Net Fair Fund to Eligible Investors, the Fund Administrator will make arrangement for the final payment of taxes and Tax Administrator fees and expenses, and will submit a final accounting to the Commission. The Fair Fund will be eligible for termination after all of the following have occurred: (a) a final accounting, appearing on the standard accounting form supplied by the Commission staff, has been submitted by the Fund Administrator, and has been approved by the Commission; and (b) all taxes, fees, and expenses have been paid. When the Commission has



approved the final accounting, Commission staff will seek an order from the Commission: (a) to send the remaining residual amount to the U.S. Treasury; (b) to terminate the Fair Fund; and (c) to discharge the Fund Administrator.