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R E C E I V E D

FEB 14 2012

AT 8:30 _____ M
WILLIAM T. WALSH
CLERK

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

-----X
SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

-against-

ASSOCIATION FOR BETTERMENT THROUGH
EDUCATION AND LOVE, INC., and
ANTHONY O. DEGREGORIO, SR.,

Defendants,

and

MARGHERITA DEGREGORIO,

Relief Defendant.

11 Civ.03183 (FLW)

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~~PROPOSED DISTRIBUTION PLAN~~

This Distribution Plan sets forth the method and procedures for distributing the Fair Fund in the above-captioned action. Pursuant to the Final Judgments entered by the Court on December 14 and 15, 2011, and the Order Authorizing the Creation of Fair Fund, Approving

Plan Administrator, and Approving Distribution Plan, the entire \$970,964.00 in disgorgement, prejudgment interest, and civil penalty, and any accumulated interest earned on such amounts, minus appropriate expenses, constitutes the Fair Fund and is to be distributed in accordance with the Fair Funds provision of Section 308(a) of the Sarbanes-Oxley Act of 2002 ("Sarbanes-Oxley Act").

Background

The Commission filed this action on June 3, 2011, alleging that Defendant Anthony O. DeGregorio Sr. ("DeGregorio") and his company Association for Betterment through Education and Love, Inc. ("ABEL") engaged in acts, practices and courses of business that constitute violations of Sections 5(a) and 5(c) of the Securities Act of 1933 ("Securities Act") 15 U.S.C. §§ 77e(a) and 77e(c). The Complaint alleged that DeGregorio raised money from various investors in violation of the Securities Act registration requirements.

On December 14 and 15, 2011, this Court entered Final Judgments against DeGregorio and ABEL, to which the Defendants consented without admitting or denying the allegations in the Complaint. On January 31, 2012, this Court entered a Consent Order dismissing the claims against Relief Defendant Margherita DeGregorio. Pursuant to the Final Judgments, DeGregorio, ABEL and Margherita DeGregorio paid a total of \$970,964.00 (\$874,244.00 in disgorgement; \$71,720.00 in prejudgment interest; and a civil penalty of \$25,000 assessed upon DeGregorio) to the Clerk of the Court. The funds were thereafter deposited in an interest-bearing account with the Court Registry Investment System ("CRIS"). DeGregorio, ABEL and Margherita DeGregorio have explicitly relinquished all legal and equitable right, title, and interest in such funds.

Definitions

As used in this Distribution Plan, the following definitions apply:

“Actual Loss” means the total amount invested by each Eligible Claimant in ABEL, less amounts previously repaid by ABEL or DeGregorio—whether denominated as “interest,” “principal,” or otherwise—plus prejudgment interest thereon. The Plan Administrator, Todd D. Brody, has determined the Actual Loss amount for each Eligible Claimant, as set forth in the “Total Actual Loss” paragraph below. In the event that any Potentially Eligible Claimants are determined to have valid claims as a result of investing in ABEL securities, Actual Loss shall mean the total amount invested by each of those Potentially Eligible Claimants in ABEL, less amounts previously repaid by ABEL or DeGregorio—whether denominated as “interest,” “principal,” or otherwise—plus prejudgment interest thereon.

“Available Distribution” means the Fair Fund, less any amounts expended or to be expended in administering the Fair Fund (e.g., reasonable fees and expenses incurred or to be incurred in administering the Distribution Plan and the payment of taxes on the Fair Fund).

“Bar Date” means the date by which an Eligible Claimant’s or Potentially Eligible Claimant’s objections or Proofs of Claim must be postmarked to avoid the barring of any right of Eligible Claimants or Potentially Eligible Claimants to object to or participate in any distribution from the Fair Fund. The Bar Date shall be 60 days after the date of entry of an order approving the Distribution Plan.

“Commission” means the United States Securities and Exchange Commission.

“Court” means the United States District Court for the District of New Jersey.

“Distribution Packet” means all the materials to be provided to Eligible Claimants known to the Plan Administrator or to those who request such materials, including a copy of the

Distribution Plan and the Court's Order Authorizing the Creation of Fair Fund, Approving Distribution Plan and Appointing Plan Administrator.

"Distribution Plan" means the Distribution Plan as approved by the Court.

"Distribution Plan Notice" means the notice given to Eligible Claimants by mail and the notice posted on the Commission's website at <http://sec.gov/divisions/enforce/claims.htm> to alert Potentially Eligible Claimants of their potential right to receive funds from the Fair Fund and which shall specify the means of obtaining Distribution Packets. With respect to any Eligible Claimant who is deceased, incompetent, or is an individual with whom the Commission is not able to communicate directly by mail, the Commission shall attempt to locate and provide written notice to an authorized representative of such Eligible Claimant.

"Eligible Claimants" means the 16 investors determined by the Plan Administrator to be eligible for a distribution from the Fair Fund as a result of their having invested in ABEL, as indicated on the chart below under "Total Actual Loss." Eligible Claimants seeking to claim the amounts listed in this Distribution Plan are not required to file any documentation regarding amounts invested or monies returned in connection with their Proof of Claim.

"Eligible Claimants" in no event include Defendant Anthony O. DeGregorio Sr. or Relief Defendant Margherita DeGregorio, both of whom are reflected as investors in ABEL's records but have relinquished all rights to the monies deposited into the Fair Fund.

"Fair Fund" means the fund established pursuant to Section 308(a) of the Sarbanes-Oxley Act and includes all amounts paid into any court account established in this action, including without limitation the CRIS account, including the disgorgement, prejudgment interest and civil penalty paid by the Defendants and Relief Defendant and any accumulated interest

earned on such amounts, less costs, fees and other expenses such as tax payments and CRIS fees incurred or to be incurred.

“Final Determination” means the date by which the Court makes a final determination about objections or Proofs of Claim, if any, submitted by Eligible Claimants or Potentially Eligible Claimants. In the event that no objections or Proofs of Claim are submitted, or in the event the Plan Administrator resolves any such objections or Proofs of Claim, no Final Determination will be necessary.

“Plan Administrator” means Todd D. Brody, Senior Trial Counsel in the New York Regional Office of the Commission. The Plan Administrator will report directly to the Court.

“Potentially Eligible Claimants” means any persons asserting that they have possible claims to the Fair Fund under the Distribution Plan and who submit a Proof of Claim by the Bar Date.

“Proof of Claim” means the filing by an Eligible Claimant or Potentially Eligible Claimant to participate in any distribution from the Fair Fund. All Proofs of Claim must be submitted in writing to the Plan Administrator and postmarked on or before the Bar Date. Any Proof of Claim filed by a third party on behalf of an Eligible Claimant or Potentially Eligible Claimant must be accompanied by documentation establishing the authority of that third party to submit a claim and obtain monies on behalf of the Eligible Claimant or Potentially Eligible Claimant.

A Proof of Claim submitted by a Potentially Eligible Claimant, or by an Eligible Claimant who objects to the amount of their claim as listed in the Distribution Plan, must be signed under penalty of perjury under the laws of the United States and must be accompanied by documentary evidence that (1) substantiates either that (a) the claimant is a living ABEL gift

annuitant who retains a life interest in an income stream that had not yet paid out a sum equal to or more than the principal amount of the annuity; or (b) the claimant is an ABEL CD investor who did not receive back payments equal to or greater than the principal amount of the CD, and (2) reflects and substantiates all payments made to ABEL and all payments received back from ABEL in connection with any annuity or CD.

Eligible Claimants seeking to claim the amounts listed in this Distribution Plan are not required to file any documentation regarding amounts invested or monies returned in connection with their Proof of Claim unless they seek an amount greater than their Actual Loss, as described herein.

“Response Date” means the date by which the Plan Administrator will respond to any timely and properly submitted objections or Proofs of Claim filed by Claimants or Potentially Eligible Claimants. The Response Date shall be no later than 45 days after the Bar Date.

“Tax Administrator” means Damasco & Associates LLP, a certified public accounting firm located in Half Moon Bay, California, appointed by the Court to serve as Tax Administrator on behalf of the Fair Fund.

“Total Actual Loss” means the sum of the Actual Losses, as previously determined by the Plan Administrator, of all 16 Eligible Claimants, which totals \$945,964. In the event that any Potentially Eligible Claimants are determined to have valid claims as a result of their investments in ABEL, or that any objecting Eligible Claimant is determined to have a valid claim to an amount different from that shown in the table below, or that any Eligible Claimant fails to submit a timely Proof of Claim, the Total Actual Loss shall be adjusted accordingly to include additional valid claim amounts or to exclude any unclaimed amounts.

The Eligible Claimants and their respective Actual Losses as determined by the Plan Administrator are as follows:¹

Eligible Claimant	Disgorgement	Pre-Judgment Interest	Actual Loss
1	\$15,614	\$392	\$16,006
2&3	\$25,000	\$628	\$25,628
4&5	\$24,640	\$5,277	\$29,917
6	\$82,147	\$11,629	\$93,776
7	\$161,226	\$10,229	\$171,455
8	\$80,000	\$3,882	\$83,882
9	\$50,000	\$4,735	\$54,735
10	\$34,301	\$6,569	\$40,870
11	\$25,000	\$1,475	\$26,475
12	\$18,853	\$8,136	\$26,989
13	\$114,689	\$6,765	\$121,454
14	\$8,874	\$1,187	\$10,061
15	\$228,900	\$10,469	\$239,369
16	\$5,000	\$347	\$5,347
Totals	\$874,244	\$71,720	\$945,964

Responsibilities of the Plan Administrator and Tax Administrator

The Plan Administrator shall oversee the administration of the claims, procedures and distributions as provided in the Distribution Plan. The Plan Administrator shall receive no compensation for the services performed in administering the Fair Fund, other than his regular

¹ To avoid the unnecessary publication of private information, the Eligible Claimants are identified here by number only. The mailing to Eligible Claimants will inform each of them which number is associated with their claim.

salary as an employee of the Commission. The Plan Administrator will be deemed to be acting within the scope of his employment with the Commission in administering this Distribution Plan. In carrying out his duties, the Plan Administrator may be assisted by other Commission staff acting under his supervision.

The Plan Administrator may be removed *sua sponte* at any time by the Court or upon motion of the Commission and replaced with a successor. The Plan Administrator and his designees, agents and assistants are not required to post a bond, and shall not be liable to any person for their actions hereunder, except on a finding of bad faith or reckless disregard of duty.

The Tax Administrator will administer the tax obligations of the Fair Fund. The Plan Administrator will coordinate with the Tax Administrator to ensure that the Fair Fund, a Qualified Settlement Fund ("QSF") under Section 468B(g) of the Internal Revenue Code, and related regulations pertaining to QSFs, 26 C.F.R. §§ 1.468B-1 through 5, complies with all related legal and regulatory requirements, including without limitation, satisfying any reporting or withholding requirements imposed on distributions from the Fair Fund.

Distribution Plan and Procedures

General Administrative Procedures

All determinations of the Plan Administrator that are made in accordance with the provisions of the Distribution Plan are final and not subject to appeal.

To carry out the purposes of the Distribution Plan, the Plan Administrator may make adjustments to the Distribution Plan, consistent with the purposes of the Distribution Plan. Any such adjustments, other than those provided for in the Distribution Plan, however, must be approved by the Court.

All fees and expenses incurred in the administration of the Distribution Plan, as well as any federal, state or local taxes payable in connection with the Distribution Plan, shall be paid out of the Fair Fund pursuant to further order of the Court.

Distribution Plan Schedule

The Distribution plan provides for the following schedule for distribution of the Fair Fund:

- Distribution Plan Approved by the Court:** Day 0
- Mail Distribution Packet to Eligible Claimants:** 14 days from Distribution Plan Approval
- Publish Notice on Commission Website:** 14 days from Distribution Plan Approval
- Bar Date for Submission of Proofs of Claim and Objections:** 60 days from Distribution Plan Approval
- Claims Determination Date (mailing of Determination Notice) on Proofs of Claim and Objections (if necessary):** 30 days from Bar Date
- Requests for Reconsideration of Denied Claims:** 15 days after mailing of Determination Notice
- Final Determination by Court (if necessary):** To Be Determined by Court
- Final Report Filed with the Court:** 45 days from completion of distribution of Fair Fund to approved claimants

At his discretion, the Plan Administrator can extend these procedural deadlines without further order from the Court.

Identification of and Notice to Eligible Claimants and Potentially Eligible Claimants

The Commission has identified 16 Eligible Claimants, their Total Actual Loss, and their likely current contact information. Within 14 days following the entry by the Court of an order approving the Distribution Plan, the Plan Administrator shall: (i) mail by United States First

Class Mail a Distribution Packet to the Eligible Claimants, except that with respect to any Eligible Claimant who is deceased, incompetent, or is an individual with whom the Commission is not able to communicate directly by mail, the Commission shall attempt to locate and provide written notice to an authorized representative of such Eligible Claimant; and (ii) post a notice on the Commission's website at <http://www.sec.gov/divisions/enforce/claims.htm> to alert Potentially Eligible Claimants of the Distribution Plan which shall specify how copies of the Distribution Packet may be obtained. The Commission will also mail a Distribution Packet to certain individuals whom the Commission has not deemed Eligible but who had invested sums with ABEL. The notice posted on the Commission's website shall be substantially in the form as attached hereto as Exhibit 1.

Procedure for Submitting Proofs of Claim or Objections to Distribution Plan

All Proofs of Claim must be submitted in writing to the Plan Administrator, Todd D. Brody, Esq., U.S. Securities and Exchange Commission, New York Regional Office, 3 World Financial Center, Room 400, New York, NY 10281. Questions may be directed to the Plan Administrator by mail at the address listed above or by email at brodyt@sec.gov.

All Proofs of Claim and objections to the Distribution Plan must be postmarked on or before the Bar Date. The burden of ensuring proper and timely submission shall be upon the claimant.

Any Proof of Claim filed by a third party on behalf of an Eligible Claimant or Potentially Eligible Claimant must be accompanied by documentation establishing the authority of that third party to submit a claim and obtain monies on behalf of the Eligible Claimant or Potentially Eligible Claimant.

A Proof of Claim submitted by a Potentially Eligible Claimant, or by an Eligible Claimant who objects to the amount of their claim as listed in the Distribution Plan, must be signed under penalty of perjury under the laws of the United States and must be accompanied by documentary evidence that (1) substantiates either that (a) the claimant is a living ABEL gift annuitant who retains a life interest in an income stream that had not yet paid out a sum equal to or more than the principal amount of the annuity; or (b) the claimant is an ABEL CD investor who did not receive back payments equal to or greater than the principal amount of the CD, and (2) reflects and substantiates all payments made to ABEL and all payments received back from ABEL in connection with any annuity or CD.

Eligible Claimants seeking to claim the amounts listed in this Distribution Plan are not required to file any documentation regarding amounts invested or monies returned in connection with their Proof of Claim.

A failure to properly and timely object to the proposed distribution shall permanently waive the claimant's right to object. A failure to properly and timely submit a Proof of Claim shall bar the Potentially Eligible Claimant from asserting a claim and shall permanently waive the Potentially Eligible Claimant's right to participate in any distribution from the Fair Fund. The burden of proof in any objection or any Proof of Claim shall be upon the claimant.

In the event that a claimant shall properly and timely submit an objection or a Proof of Claim, the Plan Administrator will review the documentary evidence provided by the claimant, and may request more documentation from the claimant. Within 30 days after the Bar Date, the Plan Administrator shall mail a Determination Notice notifying any Potentially Eligible Claimant or objecting Eligible Claimant who submitted a Proof of Claim of the Plan Administrator's determination of the claimant's claim.

Any Potentially Eligible Claimant or objecting Eligible Claimant that is dissatisfied, in whole or in part, with the Distribution Agent's Determination Notice concerning its claim may request reconsideration of the Determination Notice by filing a written request for reconsideration with the Distribution Agent at the address above. Such written request must be postmarked on or before 15 days after the date on which the Determination Notice was mailed. The burden of ensuring proper and timely submission shall be upon the claimant, and a failure to properly and timely request reconsideration of the Determination Notice shall permanently waive the claimant's right to object to or contest the Determination Notice.

The Determination Agent shall review each reconsideration request to determine whether the submitted information is sufficient to validate the claim. If the claim is determined to be valid, the Distribution Agent shall notify the claimant by mail to that effect by notice titled "Final Determination Notice." For any reconsideration request the Distribution Agent is not able to validate, the Distribution Agent shall prepare a summary report, with copies of the claim and all related documentation and correspondence received from the Potentially Eligible Claimant, for review by the Court. The Court will review the documentation provided by the Potentially Eligible Claimant and the Distribution Agent. At that time, the Court may make a final determination or may set the matter for hearing and at the conclusion of the hearing make a final determination. A final determination by the Court shall be final for all purposes under this Distribution Plan and there shall be no further proceedings or appeal related to the same.

In the event that no objections are filed by Eligible Claimants and no Proof of Claims are filed by Potentially Eligible Claimants, distribution will proceed in accordance with the Distribution Plan to Eligible Claimants.

In the event that any Potentially Eligible Claimants are determined to have valid claims, or that any objecting Eligible Claimant is determined to have a valid claim to an amount different from that shown in the table below, each such claimant will be entitled to a distribution of funds totaling the amount of its Actual Loss, as determined or adjusted in the claims process described above, insofar as the Total Actual Loss does not exceed the Available Distribution.

No claimant who failed to timely and properly submit an objection to the proposed Distribution Plan or a Proof of Claim, or who failed to timely request reconsideration of the Determination Notice, shall be permitted to object to the barring or treatment of his or her claim on the basis that the Commission failed to mail, or properly mail, notice of the proposed distribution of the Fair Fund.

Payment to Eligible Claimants

The Distribution Agent shall distribute the Available Distribution only after: (a) all Proof of Claim Forms have been processed and accepted and all objecting Eligible Claimants or Potentially Eligible Claimants whose claims have been rejected or disallowed, in whole or in part, have been notified and provided the opportunity to be heard by the Distribution Agent concerning such rejection or disallowance; and (b) all requests for reconsideration of the Determination Notice, with respect to rejected or disallowed claims, have been resolved by the Distribution Agent or Court, or the time for such requests for reconsideration has expired.

After those events have occurred, at the request of the Plan Administrator, the Clerk of the Court shall promptly notify the Plan Administrator and the Tax Administrator of the amount of money in the Fair Fund and, without further order from the Court, shall transfer all of the funds from the CRIS interest-bearing account into a non-interest-bearing registry account. After the withholding for and/or payment of fees, expenses and taxes on the Fair Fund, the Clerk of the

Court, upon written request of the Plan Administrator, without further order from the Court, shall distribute funds to each Eligible Claimant, and to each Potentially Eligible Claimant determined to have a valid claim, in the amount of its Actual Loss in accordance with the Distribution Plan.

In the event that the Total Actual Loss exceeds the Available Distribution, funds shall be distributed to Eligible Claimants, and to those Potentially Eligible Claimants determined to have valid claims, based upon the ratio of each claimant's Actual Loss (as determined or adjusted during the claims process) to the Available Distribution.

The Plan Administrator shall provide the Clerk of the Court with all necessary information to effectuate the distribution including the distribution amounts, addresses, and Social Security numbers or taxpayer identification numbers. The Clerk shall also be directed to file, where required by applicable regulation of the Internal Revenue Service, the Internal Revenue Service Code Forms 1099 reflecting the amount of pre-judgment interest distributed pursuant to the Distribution Plan.

The Clerk shall make payments by check to each Eligible Claimant and each Potentially Eligible Claimant determined to have a valid claim, or to their authorized representatives. All payments shall be preceded or accompanied by a communication prepared by the Plan Administrator that includes:

- a statement that the payment is a distribution of the Fair Fund created in accordance with Section 308(a) of the Sarbanes-Oxley Act;
- a statement that checks will be void after one year; and
- the name of a person or entity to contact with any questions regarding distribution.

Checks that are not negotiated within the one-year period shall be voided and the issuing financial institution shall be instructed to stop payment on those checks. If a check has not been

negotiated before the void date, that claim shall be extinguished upon the occurrence of the void date.

Under no circumstances shall the Commission, Plan Administrator or his agents incur any liability to any person if he requests the Clerk of the Court to make a distribution in accordance with the list of Eligible Claimants and their Actual Losses as set forth in the Distribution Plan approved by the Court or adjusted through the claims process described in this same Distribution Plan, and to any Potentially Eligible Claimants determined to have valid claims to Actual Losses, as determined through the claims process described in this same Distribution Plan, and all persons are enjoined from taking any action in contravention of this provision. Upon receipt and acceptance by a claimant of a distribution from the Fair Fund, such claimant shall be deemed to have released all claims that such claimant may have against the Commission, the Plan Administrator or his agents, and shall be deemed enjoined from prosecuting or asserting any such claims.

Reporting

The Plan Administrator will file quarterly reports with the Court. Upon completion of the distribution and prior to the termination of the Fair Fund and discharge of the Plan Administrator, the Plan Administrator will file a final report and an accounting with the Court. All such reports will be substantially in the form of the Commission's Standardized Fund Accounting Report.

Remaining Funds in the Fair Fund

If for any reason, including returned checks or checks that have not been cashed, funds remain in the Fair Fund after the Court has approved the final accounting, the Plan Administrator shall be discharged and the Clerk of the Court shall remit such funds to the Commission for

transfer to the United States Treasury; such payment to be mailed to the Office of Financial Management, U.S. Securities and Exchange Commission, 100 F Street, NE, Stop 6042, Washington DC 20549, and to be accompanied by a letter identifying the caption and civil action number of this case and the name of this Court and indicating that payment is made pursuant to this Court's order and that the funds are being remitted for transfer by the Comptroller, Securities and Exchange Commission, to the United States Treasury. A copy of the cover letter and money order or check shall be sent to Todd D. Brody, Esq., Securities and Exchange Commission, New York Regional Office, 3 World Financial Center, Room 400, New York, NY 10281.

Dated: New York, New York
February 8, 2012

RESPECTFULLY SUBMITTED,

s/Adam S. Grace

Adam S. Grace
Todd D. Brody, Plan Administrator
U.S. Securities and Exchange Commission
New York Regional Office
3 World Financial Center, Room 400
New York, NY 10281
Telephone: 212-336-0080

EXHIBIT 1

ASSOCIATION FOR BETTERMENT THROUGH EDUCATION AND LOVE, INC. and ANTHONY O. DEGREGORIO, SR.

On June 3, 2011, the SEC filed a complaint against Association for Betterment through Education and Love, Inc. ("ABEL"), and Anthony O. DeGregorio Sr. ("Degregorio"), alleging that ABEL and DeGregorio raised money from various investors in violation of the registration requirements of the Securities Act of 1933. For more information about the SEC's action, you can read Litigation Release No. 21988 (June 3, 2011).

On December 14 and 15, 2011, the Court ordered ABEL and DeGregorio to return ill-gotten gains, and they have paid them to the court registry.

On _____, 2012, the Court approved the SEC's plan for distribution. Under the plan, persons who invested money with ABEL may be eligible to recover money. If you believe you may be eligible to participate in the distribution, please read the SEC's Distribution Plan and the Court's Order Authorizing the Creation of Fair Fund, Appointing Plan Administrator, and Approving Distribution Plan. These documents contain important information, including how eligibility will be determined; how the amount to be paid will be determined; how to object to the Plan; how the claims process works; and the significant dates and deadlines.

If you wish to file a claim, you must submit in writing your Proof of Claim, as defined in the SEC's Distribution Plan, postmarked no later than _____ [60 days from Plan Approval date]. If you fail to meet this deadline, you will not receive any distributions of disgorged profits. Please note that if you are already listed in the Distribution Plan as an Eligible Claimant, you will still need to submit a timely Proof of Claim, though you will not need to submit any supporting documentation in order to submit a claim for the amount listed in the Distribution Plan.

Please note that the tax consequences of participating in the distribution may vary depending on your individual circumstances, including whether you held an ABEL "CD" or a "charitable gift annuity. *Please consult with your tax advisor with respect to the specific tax consequences of the distribution to you.*

Proofs of Claim should be filed with:

Todd D. Brody, Esq.,
U.S. Securities and Exchange Commission
New York Regional Office
3 World Financial Center, Room 400
New York, NY 10281