

UNITED STATES DISTRICT COURT
DISTRICT OF CONNECTICUT

SECURITIES AND EXCHANGE)	
COMMISSION,)	
)	
Plaintiff,)	
)	
v.)	Civil Action No. 3:18-cv-00055-WWE
)	
DAVID S. HADDAD, TRAFALGAR)	
SQUARE RISK MANAGEMENT, LLC,)	
and NEW ENGLAND RE, LLC)	
)	
Defendants.)	

ORDER TO ESTABLISH A FAIR FUND, APPOINT A TAX ADMINISTRATOR, APPOINT A DISTRIBUTION AGENT, APPROVE THE PROPOSED PLAN OF DISTRIBUTION, DISBURSE FUNDS, AND AUTHORIZE THE PAYMENT OF TAXES AND FEES

The Court, having reviewed Plaintiff Securities and Exchange Commission’s (the “Commission”) Motion for the establishment of a Fair Fund under Section 308(a) of the Sarbanes-Oxley Act of 2002, as amended, the appointment of a Tax Administrator and Distribution Agent, the approval of the Plan of Distribution, the disbursement of funds, the authorization of the payment of taxes and fees, and for good cause shown,

IT IS HEREBY ORDERED:

1. The Motion is Granted and a Fair Fund is established (the “Trafalgar Fair Fund or the “Fair Fund”), the body of which shall consist of funds currently held by the Commission at the U.S. Treasury under the case name designation “**SEC vs. Haddad, et al.**” including accrued interest. Additional amounts which are collected or otherwise received by the Commission in connection with this matter will be added to the Trafalgar Fair Fund.

2. Miller Kaplan Arase LLP (“Miller Kaplan”) located in San Francisco, California, is appointed as Tax Administrator to execute all income tax reporting requirements, including the preparation and filing of tax returns, for the Fair Fund.

3. Miller Kaplan shall be designated the Tax Administrator of the Fair Fund, pursuant to section 468B(g) of the Internal Revenue Code (IRC), 26 U.S.C. § 468B(g), and related regulations, and shall satisfy the administrative requirements imposed by those regulations, including but not limited to (a) obtaining a taxpayer identification number, (b) filing applicable federal, state, and local tax returns and paying taxes reported thereon out of the Fair Fund, and (c) satisfying any information, reporting, or withholding requirements imposed on distributions from the Fair Fund. Upon request, the Tax Administrator shall provide copies of any filings to the Commission's counsel of record.

4. The Tax Administrator shall be entitled to charge reasonable fees for tax compliance services and related expenses in accordance with its agreement with the Commission. The Tax Administrator shall, at such times as the Tax Administrator deems appropriate, submit a declaration of fees and expenses to the Commission’s counsel of record for payment from the Fair Fund.

5. Before any motion to pay fees and expenses is filed with the Court, the Tax Administrator shall provide the Commission counsel of record with a draft of the supporting declaration for review. If the Commission has any corrections or objections to the declaration, the Tax Administrator and the Commission’s counsel shall attempt to resolve them on a consensual basis. If a consensual resolution is not reached, the Commission may submit with the motion any objections along with the Tax Administrator’s response thereto.

6. Sondra Panahi, Commission employee, is hereby appointed as the Distribution Agent over the Fair Fund.

7. As a Commission employee, the Distribution Agent shall receive no compensation from the Fair Fund for her services in administering the Fair Fund. In carrying out her duties, the Distribution Agent may be assisted by other Commission staff acting under her supervision.

8. The Distribution Agent will, among other things, implement the Court-approved Distribution Plan; oversee the administration of the Fair Fund; coordinate with the Tax Administrator in order to prepare accountings and to ensure that the Fair Fund complies with all related legal and regulatory requirements; and maintain accurate records concerning the Fair Fund.

9. The Commission's Plan of Distribution for the Fair Fund submitted herewith is approved.

10. The Commission is authorized to disburse funds to the Eligible Investors in accordance with the Plan of Distribution as follows:

- a. From the first two payments made by Defendants Haddad and Trafalgar pursuant to the Final Judgments in the total amount of \$643,994.09, after reserving the amount of \$10,000 for taxes and for the fees and expenses of the Tax Administrator appointed by this Court, the Commission shall distribute such funds as follows:
 - i. The amount of \$11,116.13 to Trafalgar Eligible Investor #1
 - ii. The amount of \$131,977.87 to Trafalgar Eligible Investor #2
 - iii. The amount of \$43,382.51 to Trafalgar Eligible Investor #3
 - iv. The amount of \$44,287.80 to Trafalgar Eligible Investor #4
 - v. The amount of \$4,439.38 to Trafalgar Eligible Investor #5
 - vi. The amount of \$88,309.18 to Trafalgar Eligible Investor #6
 - vii. The amount of \$40,360.82 to Trafalgar Eligible Investor #7
 - viii. The amount of \$2,242.42 to Trafalgar Eligible Investor #8
 - ix. The amount of \$54,825.44 to Trafalgar Eligible Investor #9
 - x. The amount of \$82,211.00 to Trafalgar Eligible Investor #10

- xi. The amount of \$8,435.89 to Trafalgar Eligible Investor #11
- xii. The amount of \$20,807.91 to Trafalgar Eligible Investor #12
- xiii. The amount of \$21,153.73 to Trafalgar Eligible Investor #13
- xiv. The amount of \$75,786.16 to Trafalgar Eligible Investor #14

b. From the subsequent payments made by Defendants Haddad, Trafalgar, and New England RE, pursuant to the Final Judgments in the total amount of \$453,263.83, once the Commission has received such payments in full and after reserving the amount of \$10,000 for taxes and for the fees and expenses of the Tax Administrator appointed by this Court, the Commission shall distribute such funds as follows:

- i. The amount of \$6,085.70 to New England RE Eligible Investor #1
- ii. The amount of \$6,085.70 to New England RE Eligible Investor #2
- iii. The amount of \$24,342.83 to New England RE Eligible Investor #3
- iv. The amount of \$2,416.16 to New England RE Eligible Investor #4
- v. The amount of \$12,232.27 to New England RE Eligible Investor #5
- vi. The amount of \$174,184.29 to New England RE Eligible Investor #6
- vii. The amount of \$24,342.83 to New England RE Eligible Investor #7
- viii. The amount of \$6,085.70 to New England RE Eligible Investor #8
- ix. The amount of \$12,171.41 to New England RE Eligible Investor #9
- x. The amount of \$12,171.41 to New England RE Eligible Investor #10
- xi. The amount of \$6,085.70 to New England RE Eligible Investor #11
- xii. The amount of \$6,040.41 to New England RE Eligible Investor #12
- xiii. The amount of \$9,712.89 to New England RE Eligible Investor #13
- xiv. The amount of \$7,302.86 to New England RE Eligible Investor #14

11. The Commission is authorized to pay future tax obligations, and fees and expenses of the Tax Administrator, upon written request to and written approval by Commission staff, without further order from the Court. All such payments shall be reflected in a final accounting submitted to the Court for approval prior to termination of the Fair Fund and discharge of the Distribution Agent.

Dated: August 13, 2018

_____/s/_____
Senior United States District Judge
Warren W. Eginton,