

**UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK**

**SECURITIES AND EXCHANGE
COMMISSION,**

Plaintiff,

v.

Eric J. Aronson, et al.,

Defendants,

Caroline Aronson, et al.,

Relief Defendants.

**Civil Action No.
11-cv-7033 (JSR)**

INVESTOR NOTICE

**TO: Mr. and Mrs. John Doe
123 Main Street
Anytown, USA**

**INVESTOR NAME: MR. AND MRS. DOE
INVESTOR NUMBER: 1**

PLEASE READ THIS INVESTOR NOTICE IN ITS ENTIRETY

This Notice contains procedures by which you may be heard concerning a possible distribution in the captioned matter, including a **DEADLINE (NOVEMBER 12, 2021)** by which submissions must be made in order to be considered. This Notice also includes a Questionnaire, attached as Exhibit A, which must be completed and signed in order for you to be considered for eligibility for a distribution under a Court-approved distribution plan.

You are receiving this Notice because the investor set forth in the subject line above (“Investor”) has been identified as someone potentially harmed by the conduct of the defendants in the captioned action. If you are not the Investor, you have been identified as the contact for the Investor. By this Notice, the Securities and Exchange Commission (the “SEC”) is providing to the Investor notification of: (1) the Investor’s investment and recovery information as calculated from bank and other records obtained during the SEC’s investigation, *see* Exhibit B; and (2) the methodology that the SEC currently intends to propose to the Court for distributing

collections in the captioned matter (the “Methodology”). By the procedures set forth below, the Investor may provide documentation if they disagree with the investment and recovery information (*see* Sections II and IV), or object to the Methodology (*see* Sections II and V). In order to preserve Investor privacy, each Investor has been provided an Investor Number (see page 1, and top right of this page) *that the Investor should keep and not share*; it is used to identify the Investor on Exhibit B and may be used in the future in public filings.

Also included with this notice as Exhibit A is a Questionnaire seeking certain information specific to each Investor (*see* Section III and Exhibit A). Please complete and return the Questionnaire in the pre-paid, self-addressed envelope in accordance with Section III below.

Finally, we enclose the SEC’s Form 1662, Supplemental Information for Persons Requested to Supply Information Voluntarily or Directed to Supply Information Pursuant to a Commission Subpoena, which, among other things, describes Routine Uses of Information provided. Please review this document prior to providing a response to this Notice, including the Questionnaire.

Receipt of this Notice **DOES NOT** mean the Investor will be eligible for a distribution under a Court-approved distribution plan; the Investor’s eligibility will be determined AFTER (and if) the Court approves a plan of distribution.

If you disagree with the investment or recovery information on Exhibit B or object to the plan methodology described in Section II, you must timely submit the correction(s) and/or objection in accordance with the directions below. **FAILURE TO SUBMIT CORRECTIONS OR OBJECTIONS BY THE DEADLINE AND IN ACCORDANCE WITH THE DIRECTIONS HEREIN WILL RESULT IN A WAIVER OF OBJECTION(S) AND CORRECTIONS.**

You must return a completed and signed questionnaire by the deadline. **FAILURE TO SUBMIT A COMPLETED AND SIGNED QUESTIONNAIRE BY THE DEADLINE AND IN ACCORDANCE WITH THE DIRECTIONS IN SECTION III BELOW MAY RESULT IN INELIGIBILITY FOR A DISTRIBUTION UNDER A COURT-APPROVED PLAN.**

I. BACKGROUND

In 2011, the SEC filed the captioned action (the “Civil Action”) in the U.S. District Court for the Southern District of New York against Eric J. Aronson, Vincent J. Buonauro, Jr., Robert S. Kondratick, Frederic Aaron, PermaPave Industries, LLC (“PermaPave”), PermaPave USA Corp., PermaPave Distributions, Inc., Permeable Solutions, Inc., Verigreen, LLC, and Interlink-US-Network, Ltd. (collectively, the “Defendants”); and relief defendants Caroline Aronson, Deborah Buonauro, Dash Development, LLC, Aron Holdings, Inc., PermaPave Construction Corp., Dymoncrete Industries, LLC, Dymon Rock LI, LLC, and Lumi-Coat, Inc. (collectively, the “Relief Defendants”). The SEC alleged, among other things, that, from 2006 to 2010, PermaPave and its affiliates, through material misrepresentations and omissions, induced investments in unregistered offerings, promissory notes and “use of funds agreements” issued by the various Defendants. You can access the SEC’s complaint here:

<https://www.sec.gov/litigation/complaints/2011/comp22117.pdf>

The Civil Action has since been resolved against all of the Defendants and Relief Defendants. The SEC intends to request from the Court approval of a distribution plan (the “Plan”) and additional relief related to the distribution to investors of approximately \$50,000 in collections in the captioned matter and in a related matter, *SEC v. Feldstein*, 12-cv-5715 (JSR) (S.D.N.Y.). You will be able to view updates, including any SEC’s filings with respect to a distribution and any Court Orders regarding the same, at the following public webpage for this matter:

<https://www.sec.gov/divisions/enforce/claims/aronson-feldstein.htm>

II. Investments, Recoveries, and Intended Distribution Methodology

Investors include persons or entities who/which invested in one or more of the following entities: PermaPave Industries LLC, PermaPave USA Corp., PermaPave Distributions, Inc., Permeable Solutions, Inc., Verigreen LLC, Interlink-US-Network, Ltd., DASH Development, Inc., or Eric Aronson for Dymoncrete (the “Permapave Entities”). Attached as Exhibit B is a chart on which there is listed, by Investor Number, identified Investors and the SEC’s calculation of the Investor’s “**Investment**,” defined as the aggregate out-of-pocket investment made by an Investor, excluding interest, dividend, or paper profit; and “**Recovery**,” defined as the aggregate amount of Investment recovered by an Investor, whether through repayment by a Defendant, dividend, or otherwise. Your Investment and Recovery numbers are attached as Exhibit B. These numbers have been calculated based on the Court record; specifically, the numbers derive from Exhibit 8 to the Declaration of Desiree M.C. Marmita in Support of Plaintiff’s Motion for Summary Judgment Against Defendants Eric Aronson and Fredric Aaron and Relief Defendant Caroline Aronson (ECF No. 100.8, “Exhibit 8”). You can review the Declaration and Exhibit 8 on the SEC’s webpage for this matter:

<https://www.sec.gov/divisions/enforce/claims/aronsonfeldstein.htm>

Subject to the objection/correction process and approval of the Plan, and (to the extent requested and made available) distributions in the related criminal action, ***the Investment and Recovery reflected on Exhibit B will be the basis for determination of the Investor’s eligibility and distribution payment (if any).***

Investors *potentially* eligible for a distribution are those who have an Investment in one or more of the Permapave Entities and whose Recovery is less than their Investment. The Plan will exclude from recovery the Defendants and Relief Defendants in the Civil Action, the Feldstein action, their controlled entities, and any Investments in which they have an interest. The Plan will further exclude Investors whose distribution payment under the Plan would be less than \$10, and Investors who do not timely provide information sought by the SEC by this notice or otherwise, including Investors who cannot be located through reasonable efforts and Investors who do not return a completed and signed Questionnaire.

The SEC intends to propose to the Court the “net loss” methodology for calculating distribution payments. Under the net loss methodology, each eligible investor will receive the same fraction of their net loss. So for instance, in a distribution of \$3,000 to two eligible

investors, one of whom has a net loss of \$100,000, and the other a net loss of \$500,000, each would receive a set percent of their net loss. Under the given example, the set percent would be one-half percent (0.5%) (calculated as \$3,000 (total amount available)/ \$600,000(total loss)), and the two Investors would receive \$500 and \$2,500, respectively. Using the net loss approach, and assuming a distribution fund of approximately \$50,000, our *preliminary* calculations reflect that 117 of 155 Investors will receive a distribution. The average payment will be approximately \$416, with a median payment of approximately \$129. The SEC anticipates that these estimates will change based on, among other things, the balance of the Distribution Fund net administrative fees, expenses, and taxes; and documented corrections (if any) submitted pursuant to this Notice.

III. Questionnaire

Please legibly complete and sign the Questionnaire attached as Exhibit A, and submit it to the SEC by electronic or mail as further directed in Section VI, below.

If the Investor fails to submit a completed Questionnaire in accordance with the directions in this Notice by 11:59 p.m. EST on November 12, 2021, the Investor may be determined ineligible to participate in any distribution.

IV. Corrections to Investments and/or Recoveries

If the Investor believes the SEC's calculation of their Investment or Recovery as set forth on Exhibit B is incorrect, the Investor must submit a correction in writing to the undersigned no later than **11:59 p.m. EST on November 12, 2021**, following the directions in this Section IV. Before you submit a correction, please review the details underlying the numbers on Exhibit 8, which you can access on the SEC's webpage for the matter:

<https://www.sec.gov/divisions/enforce/claims/aronsonfeldstein.htm>

If you cannot access the webpage and would like a copy of Exhibit 8, please send us an email requesting the same to: ENF-SECv.Permapave@sec.gov, and include in the subject line: **SEC v. Aronson, et al., 11-cv-7033 (JSR) (S.D.N.Y.), Request for Exhibit 8**. If you cannot send the request by email, please request it by mail directed to the address set forth in Section VI, below.

Please note that a request to define Investment or Recovery differently in the Plan, or to modify the Plan methodology as described above, is an objection to the Plan, not a correction to Investment or Recovery, and should be addressed as discussed in Section V. A submission under this Section IV is a proposed and documented correction to the Investment and Recovery numbers as set forth on Exhibit A.

All submitted corrections to Investments or Recoveries must, at minimum, comply with and/or include the following:

- Include at the top the case name, number, and type of submission as follows: **SEC v. Aronson, et al., 11-cv-7033 (JSR) (S.D.N.Y.), Correction to Investment or Recovery;**

- Include the Investor's full name, Investor Number, and the Investor's direct contact information, including a cell phone number and email address if available;
- Include a clear statement of the correction, **and documentation sufficient to support the correction**, such as proof of the Investor's Investment at the specified point in time, or third party documents demonstrating a different aggregate Recovery;
- If the Investor is making any assertions of fact in connection with the correction, the correction must be signed by the Investor with the following (if true) above the signature line:

“I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct. Executed on” _____, 2021;

- If the correction is coming from anyone other than the Investor or the Investor's attorney, include signed authorization from the Investor for the submission of the correction on their behalf, along with full contact information for the authorized person; and
- Submit the correction by mail or email as set forth in Section VI, below.

If the Investor fails to submit correction(s) in accordance with the directions in this Notice by 11:59 p.m. EST on November 12, 2021, the Investment and Recovery for the Investor reflected on Exhibit B will be deemed to be correct and any correction waived.

V. Objections to the Plan/ Methodology

If the Investor objects to the Plan, the Investor must submit their objection in writing to the undersigned pursuant to the directions below no later than **11:59 p.m. EST on November 12, 2021** following the directions in this Section V. All objections to the Plan and/or the Plan Methodology must, at minimum, comply with and/or include the following:

- Include at the top the case name and number and type of submission: ***SEC v. Aronson, et al., 11-cv-7033 (JSR) (S.D.N.Y.), Objection to proposed Plan;***
- Include the Investor's full name, Investor Number, and the Investor's contact information, including cell phone number and email address if available;
- Include a clear statement of the objection, and documentation sufficient to support the objection;
- If the Investor is making any assertions of fact in connection with the objection, the Investor must sign the objection with the following (if true) above the signature line:

“I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct. Executed on _____, 2021”; and

- If the objection is coming from anyone other than the Investor or the Investor's attorney, include signed authorization from the Investor for the submission of the objection on their behalf, along with full contact information for the authorized person.

If the Investor fails to submit an objection in accordance with the directions in this Notice by 11:59 p.m. EST on November 12, 2021, the Investor will be deemed to have waived any objection to the Plan or its methodology.

VI. Submission Directions

For purposes of submitting the completed Questionnaire, Corrections, and/or Objections, you may send your submission for physical delivery using the enclosed, addressed, prepaid envelope or other packaging, or by email, pursuant to the directions below. Proof of timely submission is the burden of the Investor.

For physical delivery:

Use the enclosed pre-paid envelope or other packaging directed to:

Securities and Exchange Commission
Catherine E. Pappas
c/o Rachel Mamis
Office of Distributions
100 F. Street, N.E.
Mail Stop 5628
Washington, D.C. 20549

Alternatively, if you are able to do so securely (see below), you may make submissions to:

ENF-SECv.Permapave@sec.gov

Make sure you include “***SEC v. Aronson, et al., 11-cv-7033 (JSR) (S.D.N.Y.)***” in the subject line of the email and, **FOR YOUR PROTECTION, please encrypt the submission**, such as by saving the submission as a password protected .pdf file and attaching it to your email, and sending the password in a **separate** electronic mail. If you have any doubts about your ability to send the email securely, please return the Questionnaire to the SEC for physical delivery as described above.

Dated: October 8, 2021

s/
Catherine E. Pappas
Senior Adviser
Securities and Exchange Commission

Encls.: Exhibit A (Questionnaire)
Exhibit B (Investments and Recoveries)
Form 1662
Self-addressed, prepaid envelope

Exhibit A (QUESTIONNAIRE)

(Please carefully review the directions, fill out completely and legibly, including item 4, and sign and return to the SEC)

1. Name and Contact information of Person Signing Below:

- **Full Name:**
- **Address:**
- **Phone Number:**
- **Email Address:**
- **Relation to Investor:**

2. Investor Information (the precise name of the person or entity to which a distribution should be directed, i.e. the payee on the check.) If you provide below a name different from the Investor identified on the first page of the Notice, **YOU MUST provide documentation for the change, such as a marriage license if the change is to a married name; proof of death and beneficiary if the change is due to an Investor's death; and proof of dissolution and beneficiary if a Trust has been dissolved.**

- Investor/ Distribution Payee Name: _____
- Investor/ Distribution Payee Social Security or Tax Identification Number (**This is required for Treasury to issue a payment**): _____
- Investor Address and Contact Information (if different than that in 1. above):
Contact and Address:

Phone Number:

Email Address:

3. IRA/ 401K/ Defined Benefit Plan Information.

You MUST complete this section if you are seeking payment to an IRA, 401K, Defined Benefit Plan. The Custodian holds the account for your benefit, and any payment will be directed to the custodian for your benefit. Examples of some custodians: Equity Trust Company, Quest Trust Company, IRA Plus-Southwest, LLC, Charles Schwab, etc.

- **Custodian Name:** _____
- **Custodian Contact Name and Phone number:** _____
- **Account Name and Number** (e.g. John Smith IRA Acct No. 33382A)

4. Please complete with your internet access: I do do not (**check one**) have access to the Internet and can cannot (**check one**) access

<https://www.sec.gov/divisions/enforce/claims/aronson-feldstein.htm> for notifications regarding any distribution in this matter.

Date: _____, 2021

Signature: _____

Printed Name: _____