

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES ACT OF 1933

Release No. 9666 / October 17, 2014

SECURITIES EXCHANGE ACT OF 1934

Release No. 73381 / October 17, 2014

INVESTMENT ADVISERS ACT OF 1940

Release No. 3954 / October 17, 2014

INVESTMENT COMPANY ACT OF 1940

Release No. 31293 / October 17, 2014

ADMINISTRATIVE PROCEEDING

File No. 3-16203

In the Matter of

**ANTHONY CORONATI and
BIDTOASK LLC,**

Respondents.

**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**

I.

The Securities and Exchange Commission (“Commission”) deems it appropriate and in the public interest that public administrative and cease-and-desist proceedings be, and hereby are, instituted pursuant to Section 8A of the Securities Act of 1933 (“Securities Act”), Section 21C of the Securities Exchange Act of 1934 (“Exchange Act”), Sections 203(f) and 203(k) of the Investment Advisers Act of 1940 (“Advisers Act”) and Section 9(b) of the Investment Company Act of 1940 (“Investment Company Act”) against Anthony Coronati (“Coronati”) and Bidtoask LLC (“Bidtoask”) (collectively, “Respondents”).

II.

In anticipation of the institution of these proceedings, Respondents have submitted an Offer of Settlement (the “Offer”) which the Commission has determined to accept. Solely for the purpose of these proceedings and any other proceedings brought by or on behalf of the Commission, or to which the Commission is a party, and without admitting or denying the findings herein, except as to the Commission’s jurisdiction over them and the subject matter of these proceedings, which are admitted, Respondents consent to the entry of this 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 (“Order”), as set forth below.

III.

On the basis of this Order and Respondents’ Offer of Settlement, the Commission finds¹ that:

Summary

1. From at least 2009 through 2013, Coronati raised over \$2 million from investors in several fraudulent securities offerings and misappropriated over \$400,000 of that amount.

2. To raise money from investors in his first fraudulent offering, Coronati held himself out as an investment adviser to a hedge fund that he claimed would invest in equity securities. Unbeknownst to investors, the hedge fund was fictitious, and Coronati used the money for his own purposes.

3. To raise money from investors in other fraudulent offerings, Coronati and Bidtoask offered investors membership interests in Bidtoask. They represented that Bidtoask would invest or had invested in promising technology companies that had yet to hold initial public offerings (“IPOs”). Although Bidtoask did make two genuine investments — with significant fees that Coronati and Bidtoask concealed from investors — Coronati misappropriated some of the funds.

4. On occasion, Coronati used money he misappropriated from investors in one offering to pay back investors in another offering, in Ponzi-like fashion.

5. In late 2013, to conceal that he had misappropriated an investor’s funds, Coronati sent the investor a phony account statement. The statement falsely showed that the investor’s position in the purported fund was worth over \$120,000, based on certain valuable securities the fund held. In fact, the fund held no such securities.

¹ The findings herein are made pursuant to Respondents’ Offer of Settlement and are not binding on any other person or entity in this or any other proceeding.

Respondents

6. **Coronati**, 45, is a resident of Staten Island, New York. At all times, Coronati has owned, managed, and controlled Bidtoask. From at least 2008 through 2011, Coronati also purported to serve as chairman and chief executive officer of Corsac Inc. (“Corsac”), an investment adviser to a fictitious hedge fund, Corsac Group Limited. Coronati also operates a website called bidtoask.com, which offers stock recommendations to its subscribers.

7. **Bidtoask** is a New Jersey limited liability company that Coronati formed on December 23, 2011. Coronati controls Bidtoask and is its sole managing member and employee.

Other Relevant Entities

8. **Corsac** was a Delaware corporation that Coronati formed in July 2009. At all times, Coronati single-handedly owned, managed, and operated Corsac, which purported to serve as an investment adviser to Corsac Group Limited. The State of Delaware declared Corsac void in 2011. By approximately 2012, Coronati had dissipated and closed Corsac’s bank account.

9. **Corsac Group Limited** (“Corsac Fund”), also known as Corsac Limited, is a purported partnership and fictitious hedge fund that offered units to investors. Private placement memoranda represented that Coronati was Corsac Fund’s chairman and chief executive officer, that he created Corsac Fund, and that Corsac Fund’s managing partner was Corsac.

Coronati’s Fraudulent Offerings Involving Corsac

10. Coronati’s first two fraudulent offerings involved Corsac.

11. From at least 2008 through 2011, Coronati offered investors units in Corsac Fund, the purported hedge fund whose investment adviser was Corsac.

12. Coronati signed and sent private placement memoranda to potential investors representing that Corsac Fund would invest primarily in United States equity securities and that its “[m]anagers are looking for 30% return with minimal risk.”

13. In fact, as Coronati knew, the Corsac Fund did not exist or have any managers other than Coronati, and Coronati did not use the investors’ money to invest in any such hedge fund.

14. Based on these and other material misrepresentations, at least eleven investors invested in the fictitious Corsac Fund.

15. Coronati directed the investors’ funds to a bank account in Corsac’s name (the “Corsac Account”), which Coronati controlled.

16. Coronati commingled investors’ funds and other funds in the Corsac Account. He then used the funds for his own purposes. For example, he withdrew some of the funds in cash. He used some of the funds to pay personal and business expenses. He used a portion of the funds to purchase securities in a personal brokerage account he held in his own name.

17. As he ran out of money, Coronati devised a new fraud using Corsac.

18. In approximately late 2011 through early 2012, Coronati offered investors shares in Corsac at a price of \$5 per share. Coronati told investors that Corsac would itself hold an IPO by the third quarter of 2012 and that the IPO share price would be much higher than \$5. For example, he told at least one investor that Corsac's share price would reach \$30.

19. In fact, as Coronati knew, he had no basis for representing that Corsac would soon hold an IPO or that its stock would soon be worth many times the price investors had paid.

20. Based on those and other material misrepresentations by Coronati, at least six investors invested in Corsac.

21. Coronati again directed the investors' funds to the Corsac Account and used the funds for his own purposes, including making Ponzi-like re-payments to certain investors in the Corsac Fund.

22. After draining the Corsac Account, Coronati closed it in August 2012.

23. Many investors in the Corsac schemes never received any funds back from Coronati.

Coronati's Fraudulent Offering Involving Facebook

24. In early 2012, as the proceeds from his Corsac schemes began drying up, Coronati began soliciting investors for investments in Facebook, Inc., the social media company, before its IPO.

25. On behalf of Bidtoask, Coronati offered investors membership interests in Bidtoask. Coronati and Bidtoask falsely represented that Bidtoask would invest directly in pre-IPO Facebook shares without charging any fees, commissions, or mark-ups.²

26. Based on these and other material misrepresentations, Bidtoask obtained approximately \$1.75 million from approximately forty-four investors for investments in Facebook.

27. Of this amount, Coronati misappropriated approximately \$100,000 for his own purposes, including personal and business expenses, unbeknownst to investors.

28. Bidtoask invested the remaining \$1.65 million in two investment funds (the "Facebook Funds") that held genuine pre-IPO Facebook shares. As Coronati knew, the Facebook Funds charged Bidtoask fees — undisclosed to Bidtoask investors — that reduced Bidtoask's investments in the Facebook Funds to less than \$1.55 million.

² Towards the end of the scheme, Coronati and Bidtoask implied in certain communications with investors that Bidtoask might charge a fee of no more than 3.75%.

29. After Facebook's IPO, Facebook's stock price declined.

30. The Facebook Funds distributed Facebook shares to Bidtoask, commensurate with its \$1.55 million investments. Coronati and Bidtoask sold most of the shares and distributed the proceeds to Bidtoask investors. However, Coronati diverted some of the shares to his personal brokerage account, sold them at a loss, and misappropriated the proceeds.

31. Although Coronati distributed the proceeds from his sales of the Facebook shares — less the amounts he had misappropriated — to most of the Bidtoask investors, he failed to distribute any proceeds to three investors.

Coronati's Final Fraudulent Offerings

32. From approximately mid-2012 through mid-2013, Coronati and Bidtoask offered investments in two other privately-owned technology companies (the "Tech Companies").

33. Once again, Coronati and Bidtoask offered investors membership interests in Bidtoask. They represented that Bidtoask held shares in the Tech Companies and that one of the Tech Companies had an IPO "pending."

34. In fact, as Coronati knew, Bidtoask held no shares in either of the Tech Companies, and neither Tech Company was (or has since been) in the process of an IPO.

35. Based on these and other material misrepresentations, Bidtoask raised funds from ten investors.

36. Bidtoask and Coronati did not use the funds to invest in the Tech Companies or to make any other investments.

37. Coronati simply misappropriated the funds for his own purposes, including for personal expenses such as a Caribbean vacation and plastic surgery.

Coronati's Ponzi-Like Payments and Phony Account Statements

38. As Coronati's schemes unraveled, Coronati faced increasing concerns from investors.

39. To placate certain investors, Coronati used money he misappropriated from Bidtoask and Corsac investors to re-pay investors in the purported Corsac Fund, in Ponzi-scheme fashion.

40. In late 2013, to conceal his fraud from a Corsac Fund investor, Coronati fabricated and sent an account statement to the investor. The statement purported to show that the investor's position in the Corsac Fund was worth over \$120,000 and that over 80% of the Corsac Fund was invested in well-known public companies such as Apple Inc.

41. The account statement was entirely fictitious. As Coronati knew, the Corsac Fund never existed and, as of late 2013, neither Coronati nor the Corsac Fund held any of the securities listed on the statement.

The Commission's Prior Court Proceedings Against Coronati

42. On July 9 and October 4, 2013, during the Division of Enforcement's ("Division's") investigation, Division counsel issued and later personally served Coronati with two investigative subpoenas seeking documents and testimony from him.

43. Coronati ignored both subpoenas.

44. On November 4, 2013, the Commission filed an application in the United States District Court for the Southern District of New York to enforce Coronati's compliance with the subpoenas. The Commission successfully served Coronati with the court papers after Coronati tried to evade service by running from the process server.

45. Judge Kimba M. Wood later entered an order requiring Coronati to comply with the subpoenas by producing documents and appearing for investigative testimony.

46. Coronati ignored Judge Wood's order.

47. On December 5, 2013, the Commission filed an application in the same court for an order holding Coronati in civil contempt.

48. On January 17, 2014, Judge William H. Pauley III issued an order holding Coronati in civil contempt, ordering him to pay certain costs and fines to the Commission, and directing the United States Marshals Service ("Marshals") to arrest Coronati.

49. On January 23, 2014, the Marshals arrested Coronati. Later that day, Judge Pauley ordered Coronati to be released on a \$50,000 personal recognizance bond signed by Coronati's brother and brother-in-law.

50. Coronati thereafter invoked his Fifth Amendment privilege against self-incrimination during the investigation.

Violations

51. As a result of the conduct described above, Coronati willfully violated, and Bidtoask violated, Section 17(a) of the Securities Act, Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, which prohibit fraudulent conduct in the offer or sale of securities and in connection with the purchase or sale of securities.

52. As a result of the conduct described above, Coronati willfully violated Sections 206(1), 206(2) and 206(4) of the Advisers Act and Rule 206(4)-8 thereunder, which prohibit certain fraudulent conduct by an investment adviser.

IV.

In view of the foregoing, the Commission deems it appropriate, in the public interest, to impose the sanctions agreed to in Respondents' Offer.

Accordingly, pursuant to Section 8A of the Securities Act, Section 21C of the Exchange Act, Sections 203(f) and 203(k) of the Advisers Act, and Section 9(b) of the Investment Company Act, it is hereby ORDERED that:

A. Coronati and Bidtoask cease and desist from committing or causing any violations and any future violations of Section 17(a) of the Securities Act, Section 10(b) of the Exchange Act, and Rule 10b-5 thereunder, and Coronati cease and desist from committing or causing any violations and any future violations of Sections 206(1), 206(2) and 206(4) of the Advisers Act and Rule 206(4)-8 thereunder.

B. Coronati be, and hereby is:

barred from association with any broker, dealer, investment adviser, municipal securities dealer, municipal advisor, transfer agent, or nationally recognized statistical rating organization; and

prohibited from serving or acting as an employee, officer, director, member of an advisory board, investment adviser or depositor of, or principal underwriter for, a registered investment company or affiliated person of such investment adviser, depositor, or principal underwriter.

C. Any reapplication for association by Coronati will be subject to the applicable laws and regulations governing the reentry process, and reentry may be conditioned upon a number of factors, including, but not limited to, the satisfaction of any or all of the following: (a) any disgorgement ordered against Coronati, whether or not the Commission has fully or partially waived payment of such disgorgement; (b) any arbitration award related to the conduct that served as the basis for the Commission order; (c) any self-regulatory organization arbitration award to a customer, whether or not related to the conduct that served as the basis for the Commission order; and (d) any restitution order by a self-regulatory organization, whether or not related to the conduct that served as the basis for the Commission order.

D. Coronati shall pay disgorgement of \$292,646.36, prejudgment interest of \$7,353.64 and civil penalties of \$100,000 to the Securities and Exchange Commission. Payment shall be made in the following installments: Coronati shall pay \$150,000 within 10 days of the entry of this Order, and the remaining \$250,000 within 364 days of the entry of this Order. If any payment is not made by the date the payment is required by this Order, the entire outstanding balance of disgorgement, prejudgment interest, and civil penalties, plus any additional interest accrued pursuant to SEC Rule of Practice 600 or pursuant to 31 U.S.C. 3717, shall be due and payable immediately, without further application. Payment must be made in one of the following ways:

- (1) Coronati may transmit payment electronically to the Commission, which will provide detailed ACH transfer/Fedwire instructions upon request;

- (2) Coronati may make direct payment from a bank account via Pay.gov through the SEC website at <http://www.sec.gov/about/offices/ofm.htm>; or
- (3) Coronati may pay by certified check, bank cashier's check, or United States postal money order, made payable to the Securities and Exchange Commission and hand-delivered or mailed to:

Enterprise Services Center
Accounts Receivable Branch
HQ Bldg., Room 181, AMZ-341
6500 South MacArthur Boulevard
Oklahoma City, OK 73169

Payments by check or money order must be accompanied by a cover letter identifying Anthony Coronati as a Respondent in these proceedings, and the file number of these proceedings; a copy of the cover letter and check or money order must be sent to Adam Grace, Assistant Regional Director, Division of Enforcement, Securities and Exchange Commission, New York Regional Office, Brookfield Place, 200 Vesey Street, Room 400, New York, NY 10281.

E. Pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, as amended, a Fair Fund is created for the disgorgement, interest and penalties referenced in paragraph IV.D above. Regardless of whether any such Fair Fund distribution is made, amounts ordered to be paid as civil money penalties pursuant to this Order shall be treated as penalties paid to the government for all purposes, including all tax purposes. To preserve the deterrent effect of the civil penalty, Coronati agrees that in any Related Investor Action, he shall not argue that he is entitled to, nor shall he benefit by, offset or reduction of any award of compensatory damages by the amount of any part of his payment of a civil penalty in this action ("Penalty Offset"). If the court in any Related Investor Action grants such a Penalty Offset, Coronati agrees that he shall, within 30 days after entry of a final order granting the Penalty Offset, notify the Commission's counsel in this action and pay the amount of the Penalty Offset to the Securities and Exchange Commission. Such a payment shall not be deemed an additional civil penalty and shall not be deemed to change the amount of the civil penalty imposed in this proceeding. For purposes of this paragraph, a "Related Investor Action" means a private damages action brought against Coronati by or on behalf of one or more investors based on substantially the same facts as alleged in the Order instituted by the Commission in this proceeding.

By the Commission.

Brent J. Fields
Secretary