

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 81874 / October 16, 2017**

**ADMINISTRATIVE PROCEEDING**  
**FILE No. 3-12868**

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**In the Matter of**

**PACKETPORT.COM, INC.,**  
**RONALD DURANDO,**  
**MICROPHASE CORP., ROBERT H.**  
**JAFFE, GUSTAVE DOTOLI, M.**  
**CHRISTOPHER AGARWAL, AND**  
**THEODORE KUNZOG**

**Respondents.**

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**: ORDER AUTHORIZING THE**  
**: TRANSFER TO THE U.S.**  
**: TREASURY OF ANY FUNDS**  
**: RETURNED TO THE**  
**: DISGORGEMENT FUND IN THE**  
**: FUTURE, DISCHARGING THE**  
**: FUND ADMINISTRATOR,**  
**: CANCELING THE FUND**  
**: ADMINISTRATOR’S BOND, AND**  
**: TERMINATING THE**  
**: DISGORGEMENT FUND**

On October 18, 2007, the United States Securities and Exchange Commission (“Commission”) issued an Order Instituting Cease-and-Desist Proceedings, Making Findings, and Imposing Remedial Sanctions and a Cease-And-Desist Order Pursuant to Section 8A of the Securities Act of 1933 and Section 21C of the Securities Exchange Act of 1934 (the “Order”)<sup>1</sup> against PacketPort.com, Inc. (“PacketPort”), Ronald Durando (“Durando”), Microphase Corp. (“Microphase”), Robert H. Jaffe (“Jaffe”), Gustave Dotoli (“Dotoli”), M. Christopher Agarwal, and Theodore Kunzog (collectively, the “Respondents”) for alleged violations of the registration, disclosure, and anti-touting provisions of the federal securities laws in connection with PacketPort’s acquisition of Linkon Corp. in December 1999. The Commission ordered Respondents Microphase, Durando, Dotoli, and Jaffe to disgorge \$700,000, \$150,000, \$100,000, and \$125,000, respectively, for a total payment of \$1,075,000 (the “Disgorgement Fund”). On October 6, 2011, the Commission appointed Rust Consulting, Inc. as the Fund Administrator and

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<sup>1</sup> Securities Act Rel. No. 8858 (Oct. 18, 2007).

approved the requirement that the Fund Administrator obtain a bond in the amount of \$1,075,000.<sup>2</sup>

On October 6, 2011, the Commission published a Notice of Proposed Plan of Distribution and Opportunity to Comment<sup>3</sup> pursuant to Rule 1103 of the Commission's Rules on Fair Fund and Disgorgement Plans (the "Rules"), 17 C.F.R. § 201.1103. The Commission received no comments and on December 12, 2011, the Secretary, pursuant to delegated authority, issued an order that approved the Distribution Plan.<sup>4</sup>

Under the Plan, the Fund Administrator was to use a claims process to determine "Eligible Investors": those investors who purchased common shares of PacketPort stock from December 13, 1999 through April 11, 2000, and who incurred more than \$100 in losses on those shares as calculated under the Plan. The Disgorgement Fund was then to be allocated to Eligible Investors *pro rata*, based on each Eligible Investor's net loss on their PacketPort stock, up to 100% of their loss. Any funds remaining in the Disgorgement Fund after distribution were to be paid to the Commission for transfer to the U.S. Treasury.

On July 11, 2014, the Commission issued an order directing the disbursement of \$906,127.26 from the Disgorgement Fund for distribution by the Fund Administrator to Eligible Investors pursuant to the Plan.<sup>5</sup> The Fund Administrator successfully distributed the entirety of the disbursed amount to 213 Eligible Investors, compensating them for approximately 84% of the harm calculated under the Plan. The Fund Administrator also used Disgorgement Fund money to pay fund administration fees of approximately \$171,000, taxes of approximately \$1,500, and investment fees of approximately \$1,000. The Disgorgement Fund holds no balance.

The Plan provides that the Disgorgement Fund shall be eligible for termination and the Fund Administrator discharged after all of the following have occurred: (1) the final accounting by the Fund Administrator has been submitted and approved by the Commission; (2) all taxes and fees have been paid; and (3) all remaining funds have been received by the Commission. Upon approval of the final accounting, the Plan provides that the staff shall arrange for the transfer of any amount remaining in the Disgorgement Fund to the U.S. Treasury and shall seek an Order from the Commission to approve the termination of the Disgorgement Fund and the discharge of the Fund Administrator. A final accounting, which was submitted to the Commission for approval as required by Rule 1105(f) of the Rules, 17 C.F.R. § 201.1105(f), and

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<sup>2</sup> Order Appointing a Fund Administrator and Approving Administrator Bond, Exchange Act Rel. No. 65498 (Oct. 6, 2011).

<sup>3</sup> Exchange Act Rel. No. 65490 (Oct. 6, 2011).

<sup>4</sup> See Order Approving Distribution Plan, Exchange Act Rel. No. 65936 (Dec. 12, 2011).

<sup>5</sup> See Order Directing Disbursement of Disgorgement Fund, Exchange Act Rel. No. 72598 (Jul. 11, 2014).

as set forth in the Plan, is now approved. The staff has verified that all taxes, fees, and expenses have been paid, and there are no remaining funds in the Disgorgement Fund.

Accordingly, it is ORDERED that:

- A. Any funds returned to the Disgorgement Fund in the future shall be transferred to the general fund of the United States Treasury, subject to Section 21F(g)(3) of the Securities Exchange Act of 1934;
- B. The Fund Administrator's bond is to be released and canceled immediately; and
- C. The Fund Administrator, Rust Consulting, Inc. is discharged;
- D. The Disgorgement Fund is terminated.

By the Commission.

Brent J. Fields  
Secretary