

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

ADMINISTRATIVE PROCEEDING
File No. 3-22421

In the Matter of	:	
	:	
GrubMarket, Inc.	:	PROPOSED PLAN OF
	:	DISTRIBUTION
	:	
Respondent.	:	
	:	

I. OVERVIEW

1. The Division of Enforcement (“Division”) submits this Proposed Plan of Distribution (the “Plan”) to the United States Securities and Exchange Commission (the “Commission”) pursuant to Rule 1101 of the Commission’s Rules on Fair Fund and Disgorgement Plans (the “Commission’s Rules”), 17 C.F.R. § 201.1101. If approved, the Plan would provide for the transfer of funds directly to the general fund of the United States Treasury and termination of the Fair Fund. As explained below, the Division has concluded that distributing the Fair Fund to investors is not feasible.

2. On January 17, 2025, the Commission instituted and simultaneously settled cease-and-desist proceedings against GrubMarket, Inc. (“GrubMarket” or “Respondent”) for violations of Sections 17(a)(2) and 17(a)(3) of the Securities Act of 1933 (the “Securities Act”).¹ In the Order, the Commission found that between November 2019 and February 2021 (the “Relevant Period”), the Respondent raised approximately \$80 million from investors in a Series D financing round after providing investors with financial statements and other financial information that materially overstated the company’s historical revenues. The Commission found that GrubMarket was negligent in not disclosing that the financial statements and other financial information it provided to investors, which purported to reflect the consolidated results of operations from dozens of independent wholesalers, were unreliable.

3. As a result of the conduct described in the Order, the Commission ordered the Respondent to cease and desist from committing or causing violations of Sections 17(a)(2) and 17(a)(3) of the Securities Act and to pay an \$8,000,000.00 civil money penalty to the Commission. The Commission also created a Fair Fund, pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, for the penalty payment, which the Respondent paid in full as required by the Order.

¹ See Order Instituting Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933, Making Findings, and Imposing a Cease-and Desist Order, Securities Act Rel. No. 11354 (Jan. 17, 2025) (the “Order”).

II. THE DISTRIBUTION PLAN

4. Rule 1101(a) of the Commission's Rules states that "[t]he Commission or the hearing officer may, at any time, order any party to submit a plan for the administration and distribution of funds in a Fair Fund or disgorgement fund" 17 C.F.R. § 201.1101(a).

5. The Division has determined that a distribution is not feasible in this matter because investors who purchased the Series D securities during the Relevant Period did not suffer out-of-pocket losses as a result of the Respondent's overstated financial statements. The Series D investors may have paid prices that were improperly inflated by the Respondent's overstatement of revenues. Nevertheless, the price of the Respondent's securities stepped up in the next series offering, and again in several subsequent offerings, even after the Respondent had released revised financial information to existing and prospective investors that reported materially lower revenue figures compared to those previously available to Series D investors during the Relevant Period. Therefore, investors who purchased Series D shares during the Relevant Period did not experience any out-of-pocket losses caused by Respondent's misstated financial statements and a distribution is infeasible.

6. Within sixty (60) calendar days of Commission approval of the Plan, the funds will be transferred to the general fund of the United States Treasury, subject to Section 21F(g)(3) of the Securities Exchange Act of 1934.

III. NOTICE AND COMMENT PERIOD

7. The Notice of the Proposed Plan of Distribution and Opportunity to Comment ("Notice") will be published on the Commission's website at <http://www.sec.gov/litigation/fairfundlist.htm>. Any person wishing to comment on the Plan must do so in writing by submitting their comments to the Commission within thirty (30) days of the date of the Notice: (a) to the Office of the Secretary, United States Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090; (b) by using the Commission's Internet comment form (<http://www.sec.gov/litigation/admin.shtml>); or (c) by sending an email to rule-comments@sec.gov. Comments submitted by email or via the Commission's website should include "Administrative Proceeding File Number 3-22421" in the subject line. Comments received will be publicly available. Persons should only submit comments that they wish to make publicly available.