

it has all records necessary to calculate each investor's harm. As a result, the Distribution Fund is not being distributed according to a claims-made process.

3. The Commission has custody of the Distribution Fund and shall retain control of the assets of the Distribution Fund. The Court retains jurisdiction over implementation of the Plan.

II. BACKGROUND

4. On April 22, 2019, the SEC filed a Complaint against Lyons, his investment companies, Synchrony Capital GP, LLC, Synchrony Group, LLC, and Synchrony Capital Group (the "Synchrony Adviser Entities" and together with Lyons, the "Defendants"), and named Synchrony Global Macro LP, a hedge fund that Lyons and the Synchrony Adviser Entities managed and marketed to investors and potential investors, as a relief defendant. The SEC alleged that, in 2017 and 2018, Lyons and the Synchrony Adviser Entities misappropriated approximately \$570,000 from the hedge funds that they managed. According to the Complaint, the Defendants used the misappropriated funds to pay for Lyons' personal expenses, including, among other things, concert tickets, jewelry, vacations, and personal rent and car lease payments. The SEC also alleged that, in an effort to replace some of this misappropriated money, the Defendants engaged in a fraudulent offering of securities in which Lyons obtained \$300,000 from one investor based on false and materially misleading statements about a purported large-scale investment offer and a hundred-million-dollar business valuation. [Dkt. No. 1].

5. On February 28, 2020, in separate consent judgments (collectively, the "Final Judgments"), the Court ordered the Defendants to jointly and severally pay a total of \$796,171 in disgorgement and prejudgment interest, and Lyons was further ordered to pay a \$189,427 civil penalty. The Final Judgments ordered the Commission to hold all funds; and provided that it may propose a plan to distribute the collected funds subject to the Court's approval. [Dkt. Nos. 26, 33-35]. On February 28, 2020, the Court entered a Final Judgment against the Relief Defendant, ordering that the entire balance of a bank account maintained by the Relief Defendant at Bank of America, and frozen pursuant to the Order, be transferred to the Commission. [Dkt. No. 28].

6. To date, the Commission has collected \$123,752.15 pursuant to the Final Judgments entered against the Defendants and the Relief Defendant. The funds are being held in an interest-bearing account by the Commission at the U.S. Department of the Treasury. Any funds collected pursuant to the Final Judgments in the future will be added to the Distribution Fund and any accrued interest has been and will be added to the Distribution Fund.

III. DEFINITIONS

As used in this Plan, the following definitions will apply:

7. "**Administrative Costs**" shall mean any administrative costs and expenses, including without limitation tax obligations, the fees and expenses of the Tax Administrator, and investment and banking costs.

8. **“Distribution Fund”** means the fund created by the Court for the benefit of investors harmed by Defendants’ violations alleged in the Complaint. Any additional funds collected pursuant to the Final Judgments will be added to the Distribution Fund.

9. **“Distribution Payment”** means a payment from the Distribution Fund to a Payee in accordance with the terms of this Plan.

10. **“Eligible Claimant”** means a Preliminary Claimant, who is determined to have suffered a Recognized Loss, pursuant to the Plan of Allocation, and who is not an Excluded Party or an Unresponsive Preliminary Claimant.

11. **“Excluded Party”** shall mean: (a) the Defendants, and Defendants’ advisers, agents, nominees, assigns, creditors, heirs, distributees, spouses, parents, children, or controlled entities; (b) the Distribution Agent and those Persons assisting the Distribution Agent in her role as the Distribution Agent; and (c) any purchaser or assignee of another Person’s right to obtain a recovery from the Distribution Fund for value; provided, however, that this provision shall not be construed to exclude those Persons who obtained such a right by gift, inheritance or devise.

12. **“Final Determination Notice”** means the written notice sent by the Distribution Agent to (a) any Preliminary Claimant who timely submitted a written dispute of his, her, or its calculated Recognized Loss notifying the Preliminary Claimant of her resolution of the dispute; and (b) those Preliminary Claimants who have not responded to the Plan Notice as described in paragraph 16, except for those whose Plan Notice were returned as “undeliverable,” notifying the Preliminary Claimant that he, she, or it has been deemed an Unresponsive Preliminary Claimant. The Final Determination Notice will constitute the Distribution Agent’s final ruling regarding the status of the claim.

13. **“Net Available Fund”** means the Distribution Fund, plus any interest or earnings, less Administrative Costs.

14. **“Payee”** means an Eligible Claimant whose distribution amount is equal to or greater than \$20.00, as calculated in accordance with the Plan of Allocation, who will receive a Distribution Payment.

15. **“Person”** means natural individuals as well as legal entities such as corporations, partnerships, or limited liability companies.

16. **“Plan Notice”** means a written notice from the Distribution Agent to each Preliminary Claimant regarding the Court’s approval of the Plan, including, as appropriate: a statement characterizing the distribution; a link to the approved Plan posted on the Commission’s website and instructions for requesting a copy of the Plan; specification of any information needed from the Preliminary Claimant to prevent him, her, or it from being deemed an Unresponsive Preliminary Claimant; his, her, or its preliminary Recognized Loss; a description of the tax information reporting and other related tax matters; the procedure for the distribution as set forth in the Plan; and the name and contact information for the Distribution Agent as a resource for additional information or to contact with questions regarding the distribution.

17. “**Plan of Allocation**” means the methodology by which a Preliminary Claimant’s Recognized Loss is calculated. The Plan of Allocation is attached as Exhibit A.

18. “**Preliminary Claimant**” means a Person or entity, or their lawful successors, identified by the Distribution Agent based on her review and analysis of applicable records obtained by the Commission during and after its investigation and litigation, who may have suffered a loss as a result of the Defendants’ conduct as described in the Complaint.

19. “**Recognized Loss**” means the amount of an Eligible Claimant’s loss calculated in accordance with the Plan of Allocation.

20. “**Relevant Period**” is January 1, 2017, through March 31, 2019, both dates inclusive.

21. “**Unresponsive Preliminary Claimant**” means a Preliminary Claimant whose address the Distribution Agent has not been able to verify and/or who does not timely respond to the Distribution Agent’s attempts to obtain information, including any information sought in the Plan Notice. Unresponsive Preliminary Claimants will not be eligible for a distribution under the Plan.

IV. TAX COMPLIANCE

22. The Tax Administrator shall handle the tax obligations of the Distribution Fund. The Tax Administrator will be compensated for reasonable fees and expenses from the Distribution Fund.

23. The Distribution Fund constitutes a Qualified Settlement Fund (“QSF”) under Section 468B(g) of the Internal Revenue Code of 1986, as amended, 26 U.S.C. § 468B(g), and related regulations, 26 C.F.R. §§ 1.468B-1 through 1.468B-5. The Tax Administrator is the administrator of such QSF for purposes of Treas. Reg. § 1.468B-2(k)(3)(I) and shall satisfy the tax-related administrative requirements imposed by Treas. Reg. § 1.468B-2, including, but not limited to:

- (a) Obtaining a taxpayer identification number;
- (b) Requesting funds necessary for the timely payment of all applicable taxes, the payment of taxes for which the Tax Administrator has received funds, and the filing of applicable returns; and
- (c) Fulfilling any information reporting or withholding requirements imposed on distributions from the Distribution Fund.

V. DISTRIBUTION AGENT

24. Sondra Panahi will be the distribution agent for the Distribution Fund (“Distribution Agent”). As a Commission employee, the Distribution Agent shall receive no compensation, other than her regular salary as a Commission employee, for her services in administering the Distribution Fund.

25. The Distribution Agent will be responsible for administering the Distribution Fund in accordance with the Plan. This will include, among other things, overseeing the administration of the Fair Fund, disbursing the Fair Fund to the Eligible Claimants in accordance with this Plan, and preparing a final accounting. The Distribution Agent will carry out her duties in coordination with the Commission staff, pursuant to this Distribution Plan, and subject to oversight by the Court.

26. To carry out the purposes of this Plan, the Distribution Agent is authorized to make and implement immaterial changes to the Plan upon agreement of the Commission staff. If a change is deemed to be material by the Commission staff, Court approval is required prior to implementation by amending the Plan.

27. The Distribution Agent may extend any procedural deadline contained in the Plan for good cause shown, if agreed upon by the Commission staff.

VI. PLAN PROCEDURES

Specification of Preliminary Claimants

28. Using information obtained during its investigation and subsequent litigation, the Commission has identified the Preliminary Claimants. Preliminary Claimants are limited to only those Persons who may have suffered a loss as a result of the Defendants’ misconduct as described in the Commission’s Complaint.

Procedures for Locating and Notifying Preliminary Claimants

29. Within thirty (30) days of Court approval of the Plan, the Distribution Agent will send the Plan Notice to each Preliminary Claimant’s last known email address (if known) and/or mailing address.

Undeliverable Mail

30. If any mailing is returned as undeliverable, the Distribution Agent will make the best practicable efforts to ascertain a Preliminary Claimant’s correct address. If another address is obtained, the Distribution Agent will then resend it to the Preliminary Claimant’s new address within thirty (30) days of receipt of the returned mail. If the mailing is returned again, and the Distribution Agent, despite best practicable efforts, is unable to find a Preliminary Claimant’s correct address, the Distribution Agent, in her discretion, may deem such Preliminary Claimant an Unresponsive Preliminary Claimant.

31. Any Preliminary Claimant who relocates or otherwise changes contact information after receipt of the Plan Notice must promptly communicate any change in address or contact information to the Distribution Agent.

Procedures to Request Plan Notice

32. Any Person who does not receive a Plan Notice, as described in paragraph 16, but who is aware of this Plan (e.g., through other Preliminary Claimants or on www.sec.gov) and believes they should be included as a Preliminary Claimant should contact the Distribution Agent within thirty (30) days from the approval of the Plan to establish that they should be considered a Preliminary Claimant. Such Person should include with that communication, documentation sufficient to support their claim that they should be considered a Preliminary Claimant, as well as contact information (physical address, telephone number, and email address, if available) for responsive communications. The Distribution Agent will send the Person a Plan Notice within thirty (30) days of receiving the Person's documentation, if the Distribution Agent determines that the Person should have received a Plan Notice.

Failure to Respond to Plan Notice

33. If a Preliminary Claimant is requested to respond and fails to respond within forty-five (45) days from the initial mailing of the Plan Notice, the Distribution Agent will make no fewer than two (2) attempts to contact the Preliminary Claimant by telephone or email. The second attempt will in no event take place more than sixty (60) days from the initial mailing of the Plan Notice. If a Preliminary Claimant fails to respond to the Distribution Agent's contact attempts as described in this paragraph, the Distribution Agent, in her discretion, may deem such Preliminary Claimant an Unresponsive Preliminary Claimant.

Dispute Process

34. Disputes will be limited to the calculation of a Preliminary Claimant's Recognized Loss. Within ninety (90) days of the initial mailing of the Plan Notice, the Distribution Agent must receive a written communication detailing any dispute along with any supporting documentation. The Distribution Agent will investigate the dispute, and such investigation will include a review of the written dispute as well as any supporting documentation.

Final Determination Notices

35. Within one hundred twenty (120) days of the initial mailing of the Plan Notices, the Distribution Agent will send a Final Determination Notice to (a) any Preliminary Claimant who timely submitted a written dispute as described in paragraph 34 above, notifying the Preliminary Claimant of her resolution of the dispute; and (b) those Preliminary Claimants who have not responded to the Plan Notice, as described in paragraph 33 above, except for those whose Plan Notice were returned as undeliverable, notifying the Preliminary Claimant that he, she, or it has been deemed an Unresponsive Preliminary Claimant.

Distribution Methodology

36. The Distribution Agent will calculate each Preliminary Claimant's Recognized Loss in accordance with the Plan of Allocation. All Preliminary Claimants who are determined to have a Recognized Loss, and who are not deemed an Excluded Party or an Unresponsive Preliminary Claimant will be deemed an Eligible Claimant. All Eligible Claimants whose distribution amount is equal to or greater than \$20.00, as calculated in accordance with the Plan of Allocation, will be deemed a Payee and receive a Distribution Payment.

37. In the view of the Distribution Agent, this methodology constitutes a fair and reasonable allocation of the Distribution Fund.

Establishment of a Reserve

38. Before determining the amount of funds available for distribution and calculating each Payee's Distribution Payment, the Distribution Agent, in conjunction with the Tax Administrator, will establish a reserve to pay Administrative Costs and to accommodate any unexpected expenditures (the "Reserve").

39. After all Distribution Payments are made and Administrative Costs paid, any remaining amounts in the Reserve will become part of the Residual described in paragraph 52 below.

Preparation of the Payment File

40. Within one hundred fifty (150) days of Court approval of the Plan, the Distribution Agent will compile the Payee information, including the name, address, calculated Recognized Loss, and the amount of the Distribution Payment for all Payees (the "Payee List"). The Payee List will be accompanied by a representation that the Payee List: (a) was compiled in accordance with the approved Plan; (b) is accurate as to Payees' names, addresses, Recognized Losses and amounts of their Distribution Payment; (c) includes the number of Payees compensated; (d) the percentage of the Payee's Recognized Loss being compensated by the disbursement from the Fair Fund, and if applicable, the total percentage to include all prior disbursements; (e) the total amount of funds to be disbursed, and if applicable, includes the total amount of such funds to be withheld for taxes or bank fees; and (f) provides all information necessary to make a payment to each Payee.

Distribution of the Distribution Fund

41. After preparation of the Payee List, the Commission will petition the Court for authority to disburse funds from the Net Available Distribution Fund for distribution to Payees in accordance with the Payee List. The Bureau of Fiscal Service ("BFS") will mail checks or electronically transfer funds to each Payee as instructed by the Distribution Agent in accordance with the Court's order.

42. All checks will bear a stale date of one (1) year from the date of issuance. Checks that are not negotiated by the stale date will be voided, and the BFS will be instructed to stop payment on those checks. A Payee's claim will be extinguished if he, she, or it fails to negotiate his, her, or its check by the stale date, and the funds will remain in the Distribution Fund, except as provided in paragraph 51.

43. All Distribution Payments will be preceded or accompanied by a communication that includes, as appropriate: (a) a statement characterizing the distribution; (b) a statement that the tax treatment of the distribution is the responsibility of each Payee and that the Payee should consult his, her, or its tax advisor for advice regarding the tax treatment of the distribution; (c) a statement that checks will be void and cannot be reissued after one (1) year from the date the original check was issued; and (d) contact information for the Distribution Agent for questions regarding the Distribution Payment. The letter or other mailings to Payees characterizing a Distribution Payment will be submitted to the Tax Administrator and Commission staff for review and approval.

44. All Distribution Payments, either on their face or in the accompanying mailing, will clearly indicate that the money is being distributed from the Distribution Fund established by the Court to compensate investors for harm as a result of securities law violations.

Post Distribution; Handling of Returned or Uncashed Checks; and Reissues

45. The Distribution Agent shall use her best efforts to make use of commercially available resources and other reasonably appropriate means to locate all Payees whose checks are returned to the Distribution Agent as "undeliverable." If new address information becomes available, the Distribution Agent will repackage the distribution check and send it to the new address. If new address information is not available after a diligent search (and in no event no later than one (1) year after the initial mailing of the original check) or if the distribution check is returned again, the check shall be voided and the Distribution Agent shall instruct the issuing financial institution to stop payment on such check. If the Distribution Agent is unable to find a Payee's correct address, the Distribution Agent, in her discretion, may remove such Payee from the distribution and the allocated Distribution Payment will remain in the Distribution Fund for distribution, if feasible, to the remaining Payees.

46. The Distribution Agent will reissue checks or electronic payments to Payees upon the receipt of a valid, written request from the Payee if prior to the initial stale date. In cases where a Payee is unable to endorse a Distribution Payment check as written (*e.g.*, name changes, IRA custodian changes, or recipient is deceased) and the Payee or a lawful representative requests the reissuance of a Distribution Payment check in a different name, the Distribution Agent will request, and must receive, documentation to support the requested change. The Distribution Agent will review the documentation to determine the authenticity and propriety of the change request. If, in the discretion of the Distribution Agent, such change request is properly documented, the Distribution Agent will issue an appropriately redrawn Distribution Payment to the requesting party. Reissued checks will be void one (1) year from the date of issuance, and in no event will a check be reissued after one (1) year from the date of the original issuance without the approval of Commission staff.

47. The Distribution Agent will work with issuing financial institutions and maintain information about uncashed checks and any returned items due to non-delivery, insufficient addresses, and/or other deficiencies. The Distribution Agent is responsible for researching and reconciling errors and reissuing payments when possible. The Distribution Agent is also responsible for accounting for all payments. The amount of all uncashed and undelivered payments will continue to be held in the Distribution Fund.

48. The Distribution Agent will make and document her best efforts to contact Payees to follow-up on the status of uncashed distribution checks (other than those returned as “undeliverable”) and take appropriate action to follow-up on the status of uncashed checks. The Distribution Agent may reissue such checks, subject to the time limits detailed herein.

49. At the discretion of the Distribution Agent, certain costs that were not factored into the Reserve, such as bank fees for the return of a payment, may reduce the Payee’s Distribution Payment. In such situations, the Distribution Agent will immediately notify the Tax Administrator of the reduction in the Distribution Payment.

Receipt of Additional Funds

50. Should any additional funds be received pursuant to Commission or Court order, agreement, or otherwise, prior to the Court’s termination of the Distribution Fund, such funds will be added to the Distribution Fund and distributed, if feasible, in accordance with the Plan.

Disposition of Undistributed Funds

51. If funds remain following the initial distribution and payment of all Administrative Costs, the Distribution Agent, in consultation with the Commission staff, may seek subsequent distribution(s) of any available remaining funds. All subsequent distributions shall be made in a manner that is consistent with this Plan and pursuant to a Court Order.

52. A residual within the Distribution Fund will be established for any amounts remaining after the final disbursement to Payees from the Distribution Fund and the payment of all Administrative Costs (the “Residual”). The Residual may include funds from, among other things, amounts remaining in the Reserve, distribution checks that have not been cashed, checks or electronic payments that were not delivered or were returned to the Commission, and tax refunds for overpayment of taxes or for waiver of IRS penalties.

53. All funds remaining in the Residual that are infeasible to distribute to investors will be held pending a final accounting.

Filing of Reports and Accountings

54. Upon completion of all distributions to Payees and payment of all Administrative Costs, pursuant to the procedures described above, the Distribution Agent, in consultation with other Commission staff and the Tax Administrator, will prepare a final accounting, on a

standardized form provided by the Commission staff. The Distribution Agent will also submit a report to the Commission staff containing the final distribution statistics regarding distributions to individuals and entities, and such other information requested by the Commission staff. The final accounting report will include a recommendation as to the disposition of the Residual, consistent with *Liu v. SEC*, 591 U.S. 71, 140 S. Ct. 1936 (2020) and Section 21(d)(7) of the Exchange Act, 15 U.S.C. § 78u(d)(7).¹ If distribution of the Residual to investors is infeasible, the Commission may recommend the transfer of the Residual to the general fund of the U.S. Treasury subject to Section 21F(g)(3) of the Exchange Act.²

Termination of the Distribution Fund

55. The Distribution Fund will be eligible for termination and the Distribution Agent will be eligible for discharge after all of the following have occurred (a) a final accounting, in a standard accounting format provided by the Commission staff, has been submitted by the Distribution Agent and approved by the Court; and (b) all Administrative Costs have been paid.

56. After the final accounting has been prepared, the Commission will petition the Court for an order, as appropriate, approving the final accounting, discharging the Distribution Agent, disposing of the Residual, and terminating the Distribution Fund.

57. Once the Distribution Fund has been terminated, no additional payments will be made whatsoever.

¹ Section 21(d)(7) was added to the Exchange Act by Section 6501(a) of the National Defense Authorization Act for Fiscal Year 2021, Pub. L. No. 116-283, enacted January 1, 2021. The relevant provisions of the NDAA apply “to any action or proceeding that is pending on, or commenced on or after, the date of” the NDAA’s enactment. NDAA, Section 6501(b).

² Section 21F(g)(3) of the Exchange Act, 15 U.S.C. §78u-6(g)(3), provides, in relevant part, that any monetary sanction of \$200 million or less collected by the SEC in any judicial action brought by the SEC under the securities laws that is not added to a disgorgement fund or Fair Fund or otherwise distributed to victims, plus investment income, shall be deposited or credited into the SEC Investor Protection Fund.

Exhibit A

PLAN OF ALLOCATION

This Plan of Allocation³ is designed to compensate investors for their losses, due to the Defendants' misconduct, in connection with Lyons' misuse and misappropriation of funds while acting as an investment adviser during the period from January 1, 2017, through March 31, 2019, both dates inclusive. Investors who did not suffer any losses as a result of the Defendants' misconduct, or who are an Excluded Party, are ineligible to recover under this Plan.

The Distribution Agent has identified those investors, or their lawful successors, who may have suffered losses as a result of the Defendants' misconduct (the "Preliminary Claimants"). The Distribution Agent will calculate each Preliminary Claimant's basis for loss ("Recognized Loss"), as derived by the Distribution Agent from records obtained by the Commission during and after its investigation and litigation.

The Fund Administrator shall calculate each Preliminary Claimant's Recognized Loss as follows:

- A. For each investor in the Synchrony Capital Global Macro Fund, Recognized Loss is equal to the net misappropriations from the fund (\$150,000), multiplied by the Preliminary Claimant's Final Ownership Percentage as shown in Table A below.⁴
- B. For the investor in the class B shares of Synchrony Capital GP, LLC, Recognized Loss is equal to the purchase amount (\$300,000) *minus* the prior recovery of \$114,111.50.⁵

Any Preliminary Claimant who suffered a Recognized Loss pursuant to this Plan of Allocation, and who is not an Excluded Party or an Unresponsive Preliminary Claimant, as defined in the Plan, will be deemed an Eligible Claimant.

Additional Provisions

Allocation of Funds: As the Net Available Distribution Fund is less than the sum of the Recognized Losses of all Eligible Claimants, each Eligible Claimant's distribution amount will equal his, her, or its "*Pro Rata Percentage*" of the Net Available Distribution Fund.

Pro Rata Percentage: A *Pro Rata Percentage* computation is intended to measure Eligible Claimants' Recognized Losses against one another. An Eligible Claimant's *Pro Rata*

³ All capitalized terms used herein but not defined shall have the same meanings ascribed to them in the Plan.

⁴ Commission staff calculated the Final Ownership Percentages. The percentages take into account contributions, withdrawals, and fund gains and losses over time.

⁵ The class B shares have a value of \$0 as of the end of the Relevant Period.

Percentage will be calculated as the ratio of his, her, or its Recognized Loss to the sum of Recognized Losses of all Eligible Claimants.

Minimum Distribution Amount: The Minimum Distribution Amount will be \$20.00. An Eligible Claimant whose distribution amount is less than this will be deemed ineligible and his, her, or its distribution amount may be reallocated on a *pro rata* basis to Eligible Claimants whose distribution amounts are greater than or equal to the Minimum Distribution Amount.

Payee: An Eligible Claimant whose distribution amount equals or exceeds the Minimum Distribution Amount will be deemed a Payee.

Distribution Payment: Each Payee will receive a Distribution Payment equal to his, her, or its calculated distribution amount. In no event will a Payee receive from the Distribution Fund more than his, her, or its Recognized Loss.

Table A. Preliminary Claimants' Recognized Losses from Synchrony Global Macro Fund

Investor	Net Misappropriation [1]	Final Ownership Percentage [2]	Recognized Loss [3] = [1] * [2]
Investor 1	\$150,000.00	41.57%	\$62,355.00
Investor 2	\$150,000.00	19.58%	\$29,370.00
Investor 3	\$150,000.00	9.09%	\$13,635.00
Investor 4	\$150,000.00	4.39%	\$6,585.00
Investor 5	\$150,000.00	15.58%	\$23,370.00
Investor 6	\$150,000.00	9.79%	\$14,685.00
		100.00%	\$150,000.00