

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 74905 / May 7, 2015

ADMINISTRATIVE PROCEEDING
File No. 3-11676

In the Matter of

JOHN W. ADAMS and AIP, LLC,

Respondents.

**ORDER MODIFYING THE MODIFIED
DISTRIBUTION PLAN AND DIRECTING
DISBURSEMENT OF DISGORGEMENT FUND**

On February 23, 2009, the Commission issued a Notice of Proposed Plan of Disgorgement Distribution and Opportunity for Comment (“Notice”) in connection with this proceeding pursuant to Rule 1103 of the Commission’s Rules on Fair Fund and Disgorgement Plans (“Rules”), 17 C.F.R. §201.1103 (Exchange Act Rel. No. 59433). The Notice advised parties they could obtain a copy of the Proposed Plan of Distribution (“Distribution Plan”) at www.sec.gov. The Notice also advised that all parties desiring to comment on the Distribution Plan could submit their comments, in writing, no later than March 25, 2009. No comments were received by the Commission in response to the Notice. On May 6, 2009, the Commission issued an Order Approving Distribution Plan of a Disgorgement Fund (Exchange Act Rel. No. 59870). Subsequently, a non-material modification was made to the Distribution Plan (“Modified Distribution Plan”) and on January 25, 2013, the Commission issued an Order Modifying Distribution Plan and Directing Disbursement of Disgorgement Fund (“Order”) (Exchange Act Rel. No. 68736).

The Modified Distribution Plan provides that the Disgorgement Fund¹ consisting of approximately \$2.47 million paid by John W. Adams and AIP, LLC, plus any interest and less any taxes, fees, or expenses for any reserves and the administration of the plan, be transferred to Huntington National Bank to be distributed by the Fund Administrator to Eligible Recipients according to the methodology set forth in the plan. Pursuant to the Modified Distribution Plan, and following the issuance of the Order, the Fund Administrator distributed \$2,628,775.28 to investors. There is approximately \$61,455 left in the Disgorgement Fund, which is considered the residual pursuant to the Modified Distribution Plan. Paragraph 25 of the Modified Distribution Plan

¹ Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Modified Plan of Distribution approved by the Commission.

provides that money that remains in the Disgorgement Fund one year after all approved Eligible Recipients who filed a claim before the Claim Deadline are paid shall be distributed to otherwise Eligible Recipients who file claims after the Claim Deadline. Any such distribution is to be paid at the same *pro rata* distribution factor of the recognized loss that was used in the initial distribution and with the same \$10.00 minimum payout requirement. This paragraph further states that any remaining funds shall be paid to the Commission for transfer to the United States Treasury after the final accounting is approved by the Commission.

A late claim was filed with the Fund Administrator. The Fund Administrator has determined that the claim is valid and recommends \$413.95 be disbursed to the late claimant.

The Fund Administrator has also determined that a residual distribution is feasible and recommends a residual distribution to Eligible Recipients who negotiated their initial distribution and whose *pro rata* residual distribution will be for at least the minimum amount of \$10.00. To effectuate a residual distribution, Commission staff requests that the Commission approve a modification to Paragraph 25 so that it reads as follows:

25. A residual within the Disgorgement Fund is established for any amounts remaining after all assets have been disbursed. The residual may include funds reserved for future taxes and related expenses, distributions from checks that have not been cashed, distributions from checks that were not delivered or accepted upon delivery, and tax refunds. In consultation with Commission staff, money that remains in the Disgorgement Fund one year after all approved Eligible Recipients who filed claims before the Claim Deadline are paid shall be distributed:

- A. First, to otherwise Eligible Recipients who filed claims after the Claim Deadline. Any such distribution shall be paid at the same *pro rata* distribution factor of the recognized loss that was used in the original distribution with the same \$10.00 minimum payout requirement. Such claims shall be paid on a first filed, first distributed basis; and
- B. Second, if any funds remain, to Eligible Recipients who negotiated their initial distribution and whose *pro rata* residual distribution will be for at least the minimum amount of \$10.00.

Any remaining funds shall be paid to the Commission for transfer to the United States Treasury after the final accounting is approved by the Commission.

The Modified Distribution Plan also provides that in order to distribute the funds, the Fund Administrator will submit a Payment List to the assigned Commission staff, who will obtain authorization from the Commission to disburse pursuant to Rule 1101(b)(6). The Payment List for the late claim in the amount of \$413.95, and the residual distribution in the amount of \$47,106.31 has been received by Commission staff and the staff requests that the Commission authorize disbursement of the funds.

Accordingly, it is ORDERED that:

- 1) The Fund Administrator shall distribute \$413.95 from the funds held at Huntington National Bank to the late claimant;
- 2) Pursuant to Rule 1104, Paragraph 25 of the Modified Distribution Plan is hereby modified and now reads as provided above; and
- 3) The Fund Administrator shall distribute \$47,106.31 as a residual distribution from the funds held at Huntington National Bank as provided in Paragraph 25 of the Modified Distribution Plan as hereby modified.

By the Commission.

Brent J. Fields
Secretary