I. OVERVIEW

1. The Division of Enforcement submits this 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. This Plan provides for the distribution of a Fair Fund (the “Fair Fund”) comprised of disgorgement, prejudgment interest, and civil money penalties paid by MVP Manager LLC (“MVP” or the “Respondent”) in the above-captioned matter.¹

2. As described more specifically below, the Plan seeks to compensate investors who were harmed by MVP’s conduct described in the Order in connection with conflicts of interest that were not adequately disclosed to MVP’s investors between January 2015 and January 2016. Based on information obtained by the Commission staff during its investigation and the review and analysis of applicable records, the Commission staff has reasonably concluded that it has all records necessary to calculate each investor’s harm. As a result, the Fair Fund is not being distributed according to a claims-made process, so procedures for making and approving claims in accordance with Rule 1101(b)(4) of the Commission’s Rules, 17 C.F.R. § 201.1101(b)(4), are not applicable.

3. Using the methodology detailed in the Plan of Allocation (attached as Exhibit A), investors will be compensated for harm suffered in connection with their investments, between January 2015 and January 2016, in three series of funds managed by MVP that offered interests to investors by series, with each series investing in a single pre-initial public offering company.²

² The three series of funds were MVP Opportunity Fund I, Series D-2; MVP Opportunity Fund II, Series EE-1; and MVP Opportunity Fund II, Series EE-2.
4. In the view of the Commission staff, this methodology constitutes a fair and reasonable allocation of the Fair Fund.

5. The Commission has custody of the Fair Fund and shall retain control of the assets of the Fair Fund. The Plan is approved by the Commission, and the Commission retains jurisdiction over its implementation.

II. BACKGROUND

6. On August 13, 2019, the Commission issued the Order instituting and simultaneously settling administrative and cease-and-desist proceedings against MVP. In the Order, the Commission found that MVP, an investment adviser to and manager of two funds that offered interests to investors in venture-backed companies that had not yet conducted an initial public offering (“pre-IPO companies”). According to the Order, in three instances between January 2015 and January 2016, MVP personnel arranged to receive brokerage commissions from the counter-party who sold securities in pre-IPO companies to MVP’s advisory clients without adequate disclosure to the clients or to investors in the funds. In each instance, the counterparty agreements resulted in the seller agreeing to receive a net purchase price that was 3-4% lower than the gross purchase price paid by the buyer fund. The Commission found that this arrangement created a potential or actual conflict of interest for MVP in advising its client funds which MVP failed to adequately disclose.

7. The Commission ordered the Respondent to pay $150,058.88 in disgorgement, $19,681.42 in prejudgment interest, and an $80,000.00 civil money penalty, for a total of $249,740.30.

8. In the Order, the Commission also created a Fair Fund, pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, so the penalty paid, along with the disgorgement and interest paid, can be distributed to harmed investors.

9. The Respondent has paid in full. The Fair Fund has been deposited at the United States Department of the Treasury’s Bureau of the Fiscal Service (“BFS”) for investment.

III. DEFINITIONS

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

10. “Administrative Costs” shall mean any administrative costs and expenses, including without limitation the fees and expenses of the Tax Administrator, tax obligations, investment and banking costs, and the expenses of third-parties retained by the Fund Administrator to provide administrative services.

11. “Distribution Payment” means a payment from the Fair Fund to a Payee in accordance with the terms of this Plan.
12. “Eligible Claimant” shall mean 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.

13. “Excluded Party” shall mean: (a) Respondent, or Respondent’s employees, advisers, agents, nominees, assigns, creditors, heirs, distributees, spouses, parents, children, or controlled entities; and (b) any purchaser or assignee of another Person’s right to obtain a recovery from the Fair 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.

14. “Fair Fund” means the fund created by the Commission pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, for the benefit of investors harmed by Respondent’s violations described in the Order.

15. “Final Determination Notice” means the written notice sent by the Fund Administrator to any Preliminary Claimant who timely submitted a written dispute of their Investment Amount, notifying the Preliminary Claimant of its resolution of the dispute. The Final Determination Notice will constitute the Fund Administrator’s final ruling regarding the status of the claim.

16. “Investment Amount” means the amount invested in the Securities during the Relevant Period.

17. “Net Available Fair Fund” means the Fair Fund, plus any interest or earnings, less Administrative Costs.

18. “Payee” means an Eligible Claimant who is determined to receive a Distribution Payment, as calculated in accordance with the Plan of Allocation.

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

20. “Plan Notice” means a written notice from the Fund Administrator to Preliminary Claimants regarding the Commission’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 them from being deemed an Unresponsive Preliminary Claimant, their Investment Amount, 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 Fund Administrator in order to provide any requested information or to contact with questions regarding the distribution.

21. “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.

22. “Preliminary Claimant” means those Persons, or their lawful successors,
identified by the Fund Administrator based on its review and analysis of applicable records obtained by the Commission staff during its investigation to whom the Respondent failed to adequately disclose its conflicts of interest and who, therefore, may have been harmed in connection with investments in the Securities during the Relevant Period.

23. “Recognized Loss” means the amount allocated for a Preliminary Claimant’s harm, in accordance with the Plan of Allocation.


26. “Unresponsive Preliminary Claimant” means a Preliminary Claimant whose address the Fund Administrator or any third-party retained by the Fund Administrator has not been able to verify and/or who does not timely respond to 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

27. On October 15, 2020, the Commission appointed Miller Kaplan Arase LLP as the tax administrator (the “Tax Administrator”) for the Fair Fund to handle the tax obligations of the Fair Fund. The Tax Administrator will be compensated for reasonable fees and expenses from the Fair Fund in accordance with its 2019-2021 Engagement Letter Agreement with the Commission.

28. The Fair 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 Fair Fund.


29. All tax obligations will be paid from the Fair Fund, subject to the review and approval of Commission staff.

V. FUND ADMINISTRATOR

30. Sondra Panahi is proposed to be the fund administrator for the Fair Fund (“Fund Administrator”). As a Commission employee, the Fund Administrator shall receive no compensation, other than her regular salary as a Commission employee, for her services in administering the Fair Fund. In accordance with Rule 1105(c) of the Commission’s Rules, no bond is required since the Fund Administrator is a Commission employee.

31. The Fund Administrator will be responsible for administering the Fair Fund in accordance with the Plan. This will include, among other things, taking reasonable steps to obtain accurate mailing information for Preliminary Claimants; preparing accountings; cooperating with the Tax Administrator appointed by the Commission to satisfy any tax liabilities and to ensure compliance with income tax reporting requirements, including but not limited to Foreign Act Tax Compliance Act (FATCA); disbursing the Fair Fund in accordance with this Plan, as ordered by the Commission; and researching and reconciling errors and reissuing payments, when possible. The Fund Administrator will engage a third-party, Guidehouse Inc., Baker & Hostetler LLP, and PACE Claims Services LLC (“GBP”), to act as its agent and to perform some of the administrative tasks associated with implementing the Plan, including tracking contact information for Eligible Claimants, delivering the Plan Notice and tax forms, and collecting identifying information. GBP’s fees and expenses in the amount of $1,500 will be paid from the Fair Fund as an Administrative Cost, pursuant to a cost proposal submitted to and approved by the Commission staff.

32. To carry out the purposes of this Plan, the Fund Administrator is authorized to make and implement immaterial changes to the Plan. If a change is deemed to be material, Commission approval is required prior to implementation by amending the Plan.

33. The Fund Administrator may extend any procedural deadline contained in the Plan for good cause shown.

VI. PLAN PROCEDURES

Specification of Preliminary Claimants

34. Using information obtained during its investigation, the Commission has identified the Preliminary Claimants who may be eligible to receive a payment pursuant to this Plan.

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5 Sondra Panahi has replaced David London as the fund administrator.
6 17 C.F.R. § 201.1105(c).
Procedures for Locating and Notifying Preliminary Claimants

35. Within thirty (30) days of Commission approval of the Plan, the Fund Administrator will send the Plan Notice to each Preliminary Claimant’s last known email address (if known) and/or mailing address.

Undeliverable Mail

36. The Fund Administrator will attempt to locate any Preliminary Claimant whose mailing is returned as undeliverable by the U.S. Postal Service or otherwise. If another address is obtained, the Fund Administrator will then resend the Plan Notice to the Preliminary Claimant’s new address within a reasonable number of days following receipt of the returned mail. If the mailing is returned again, and the Fund Administrator, despite best practicable efforts, is unable to find a Preliminary Claimant’s correct address, the Fund Administrator, in its discretion, may deem such Preliminary Claimant an Unresponsive Preliminary Claimant.

37. 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 Fund Administrator.

Procedures to Request Plan Notice

38. Any Person who does not receive a Plan Notice, as described in paragraph 35 but who is aware of this Plan (e.g., through other Preliminary Claimants or on www.sec.gov) and believes he, she, or it should be included as a Preliminary Claimant should contact the Fund Administrator within thirty (30) days of approval of the Plan to request to be considered a Preliminary Claimant. The Fund Administrator will send the Person a Plan Notice within fourteen (14) days of receiving the Person’s request, if the Fund Administrator determines that the Person should have received a Plan Notice, as provided in paragraph 35.

Failure to Respond to Plan Notice

39. If a Preliminary Claimant fails to respond within thirty (30) days from the mailing of the Plan Notice, the Fund Administrator will make no fewer than two (2) attempts to contact the Preliminary Claimants by telephone or email. The second attempt will in no event take place more than forty-five (45) days from the initial mailing of the Plan Notice. If a Preliminary Claimant fails to respond to the Fund Administrator’s contact attempts as described in this paragraph, the Fund Administrator, in its discretion, may deem such Preliminary Claimant an Unresponsive Preliminary Claimant.

Dispute Process

40. Disputes will be limited to calculations of Investment Amounts. Within thirty (30) days of the initial mailing of the Plan Notice, the Fund Administrator must receive a written communication detailing the dispute along with any supporting documentation. The Fund
Administrator will investigate the dispute, and such investigation will include a review of the written dispute as well as any supporting documentation.

**Final Determination Notices**

41. Within sixty (60) days of the initial mailing of the Plan Notices, the Fund Administrator will send a Final Determination Notice to any Preliminary Claimant who timely submitted a written dispute as described in paragraph 40 above, notifying the Preliminary Claimant of his resolution of the dispute.

**Distribution Methodology**

42. The Fund Administrator 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 who are determined to receive a Distribution Payment will be deemed a Payee.

**Establishment of a Reserve**

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

44. After all Distribution Payments are made and Administrative Costs are paid, any remaining amounts in the Reserve will become part of the Residual described in paragraph 55 below.

**Preparation of the Payment File**

45. Within one hundred eighty (180) days of Commission approval of the Plan, after withholding the Reserve, the Fund Administrator will compile the Payee information, including the name, address, and the amount of the Distribution Payment for all Payees (the “Payee List”).

**Distribution of the Fair Fund**

46. Pursuant to Rule 1101(b)(6) of the Commission’s Rules, 17 C.F.R. § 201.1101(b)(6), the Fund Administrator will obtain an order from the Commission to disburse the Net Available Fair Fund to Payees in accordance with the Plan. The BFS will mail checks or electronically transfer funds to each Payee as instructed by the Fund Administrator in accordance with the Payee List.

47. 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 Fund Administrator for questions regarding the Distribution Payment. The letter or other mailings to Payees characterizing a Distribution Payment will be submitted to the Tax Administrator for review and approval.

48. The Distribution Payments, on their face, or the accompanying mailing shall clearly indicate that the money is being distributed from a Fair Fund established to compensate investors for harm suffered as a result of securities law violations described in the Order.

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

49. The Fund Administrator shall use its best efforts to make use of commercially available resources and other reasonably appropriate means to locate all Payees whose checks are returned to the Fund Administrator as “undeliverable.” If new address information becomes available, the Fund Administrator 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 year after the initial mailing of the original check) or if the distribution check is returned again, the check shall be voided and the Fund Administrator shall instruct BFS to stop payment on such check. If the Fund Administrator is unable to find a Payee’s correct address, the Fund Administrator, in his discretion, may remove such Payee from the distribution and the allocated Distribution Payment will remain in the Fair Fund for distribution, if feasible, to the remaining Payees.

50. The Fund Administrator will direct BFS to reissue checks to Payees upon the receipt of a valid written request from the Payee received prior to the 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 of the Payee requests the reissuance of a Distribution Payment check in a different name, the requesting Person must provide documentation to support the requested change to the Fund Administrator. The Fund Administrator will review the documentation to determine the propriety of the request and the authenticity of the supporting documentation. If the Fund Administrator determines, in his discretion, that the request for a change is appropriate and supported by the documentation provided, the Fund Administrator will direct that a Distribution Payment check be issued to the requesting Person. Reissued checks will be void sixty (60) days from the date of reissuance.

51. The Fund Administrator will work with BFS to obtain information about uncashed checks, any returned items due to non-delivery, insufficient addresses, and/or other deficiencies. The Fund Administrator is responsible for researching and reconciling errors and reissuing payments, when possible. The Fund Administrator is also responsible for accounting for all payments. The amount of all uncashed and undelivered payments will continue to be held in the Fair Fund.

52. The Fund Administrator will work with BFS to identify all uncashed checks. In the event that there are uncashed checks, the Fund Administrator will determine the extent to which, under the circumstances in this distribution, it would be appropriate and feasible to make
additional efforts to contact the Payee(s). The Fund Administrator may reissue such checks, subject to the time limits detailed herein.

**Receipt of Additional Funds**

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

**Disposition of Undistributed Funds**

54. If funds remain following the initial distribution and payment of all Administrative Costs, the Fund Administrator may seek subsequent distribution(s) of any available remaining funds, if feasible, pursuant to the Commission’s Rules. All subsequent distributions shall be made in a manner that is consistent with this Plan.

55. A residual within the Fair Fund will be established for any amounts remaining after the final disbursement to Payees from the Fair 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 or electronic payments that were not delivered or were returned to the Commission, and tax refunds for overpayment or for waiver of IRS penalties.

56. After the final accounting is approved by the Commission, all funds remaining in the Residual that are infeasible to distribute to investors will be transferred to the general fund of the U.S. Treasury, subject to Section 21F(g)(3) of the Securities Exchange Act of 1934 (the “Exchange Act”). Returning such money to the Respondent would be inconsistent with the equitable principle that no person should profit from his wrongdoing. Therefore, in these circumstances distributing disgorged funds to the U.S. Treasury is the most equitable alternative.

**Administrative Costs**

57. All Administrative Costs will be paid from the Fair Fund, in accordance with the Commission’s Rules.

**Accountings**

58. When all funds have been disbursed, except for the Residual described in paragraph 55 of the Plan, the Fund Administrator will submit a final accounting pursuant to Rule 1105(f) of the Commission’s Rules, 17 C.F.R. § 201.1105(f), for the approval of the Commission prior to termination of the Fair Fund and discharge of the Fund Administrator. Since the funds are being held in a Commission-designated account at the U.S. Treasury and the Fund Administrator is a Commission employee, no interim accountings will be made.
Termination of the Fair Fund

59. The Fair Fund will be eligible for termination and the Fund Administrator 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 Fund Administrator and approved by the Commission; and (b) all Administrative Costs have been paid. Once the Commission has approved the final accounting, the Commission staff will seek an order from the Commission authorizing: (a) the transfer of any Residual remaining in the Fair Fund that is infeasible to return to investors, and any amounts returned to it in the future that are infeasible to return to investors, to the general fund of the U.S. Treasury, subject to Section 21F(g)(3) of the Exchange Act; (b) discharge of the Fund Administrator; and (c) termination of the Fair Fund.
Exhibit A

PLAN OF ALLOCATION

This Plan of Allocation is designed to compensate investors for harm suffered in connection with their investments between January 2015 through January 2016 in a series of funds (the “Securities”) managed by MVP that offered interests to investors by series, with each series investing in a single pre-initial public offering company. Investors who did not invest in one of the Securities during the Relevant Period were not harmed by MVP’s misconduct and are ineligible to recover under this Plan. Based upon records obtained by the Commission during its investigation, the Fund Administrator, in consultation with Commission staff economists who performed the calculations described below, has identified those investors, or their lawful successors, to whom MVP failed to adequately disclose its conflicts of interest and who, therefore, may have suffered a loss in connection with investments in the Securities during the Relevant Period (the “Preliminary Claimants”).

The Net Available Fair Fund will be distributed in a pro-rata fashion from the disgorgement amount attributable to each of the three Securities, along with Reasonable Interest.

For each of the three securities, the Fund Administrator will calculate each Preliminary Claimant’s loss ("Recognized Loss") as follows:

1. **Pro Rata Share**: The Fund Administrator shall determine each Preliminary Claimant’s Pro Rata Share as the ratio of the Preliminary Claimant’s Investment Amount in the Security to the sum of the Investment Amounts of all Preliminary Claimants in the Security.

2. **Recognized Loss**: The Fund Administrator shall determine each Preliminary Claimant’s Recognized Loss as the Preliminary Claimant’s Pro Rata Share multiplied by the disgorgement amount allocated to the corresponding Security. The disgorgement amount for each of the three Securities is as follows:

   a. MVP Opportunity Fund I, Series D-2: $95,863.20
   b. MVP Opportunity Fund II, Series EE-1: $30,255.68
   c. MVP Opportunity Fund II, Series EE-2: $23,940.00

   If the Recognized Loss calculates to a gain, then the Recognized Loss will be $0.00.

   To avoid payment of a windfall, the Recognized Loss will be reduced by the amount of any compensation for the loss that resulted from the conduct described in the Order that was received from another source (e.g., class action settlement), to the extent known by the Fund Administrator.

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1 All capitalized terms used herein but not defined shall have the same meanings ascribed to them in the Plan.
2 MVP Opportunity Fund I, Series D-2; MVP Opportunity Fund II, Series EE-1; and MVP Opportunity Fund II, Series EE-2.
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: If the Net Available Fair Fund as defined in the Plan is equal to or exceeds the sum of Recognized Losses of all Eligible Claimants, each Eligible Claimant’s distribution amount will equal his, her or its Recognized Loss, plus “Reasonable Interest” if applicable. If the Net Available Fair 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 Share” of the Net Available Fair Fund. In either case, the distribution amount will be subject to the “Minimum Distribution Amount.”

Reasonable Interest: The Fund Administrator, in consultation with the Commission staff, may include interest in the distribution amount to compensate Eligible Claimants for the time value of their respective Recognized Losses. Reasonable Interest will be calculated using the Short-term Applicable Federal Rate plus three percent (3%), compounded quarterly from the end of the Relevant Period through the approximate date of the disbursement of the funds. If there are insufficient funds to pay Reasonable Interest in full to all Eligible Claimants, each Eligible Claimant will receive his, her or its Pro Rata Share of the excess funds as the Reasonable Interest amount.

Minimum Distribution Amount: The Minimum Distribution Amount will be $10.00 (inclusive of Reasonable Interest). If an Eligible Claimant’s distribution amount is less than the Minimum Distribution Amount, that Eligible Claimant will be deemed ineligible to receive a Distribution Payment and his, her or its distribution amount will 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 and receive a Distribution Payment equal to his, her, or its distribution amount. In no event will a Payee receive from the Net Available Fair Fund more than his, her, or its Recognized Loss, plus Reasonable Interest.