

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

**SECURITIES EXCHANGE ACT OF 1934**  
**Release No. 80087 / February 22, 2017**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-16203**

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**In the Matter of**

**ANTHONY CORONATI**  
**and BIDTOASK LLC,**

**Respondents.**

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**NOTICE OF**  
**PROPOSED PLAN OF**  
**DISTRIBUTION AND**  
**OPPORTUNITY FOR**  
**COMMENT**

Notice is hereby given, pursuant to Rule 1103 of the United States Securities and Exchange Commission's ("Commission") Rules on Fair Fund and Disgorgement Plans, 17 C.F.R. § 201.1103, that the Division of Enforcement has submitted to the Commission a proposed Plan of Distribution ("Plan") for the distribution of monies placed into a Fair Fund<sup>1</sup> established pursuant to the Commission's Order<sup>2</sup> against Anthony Coronati ("Coronati") and Bidtoask LLC ("Bidtoask") (collectively, "Respondents").

For the purposes of this distribution, Eligible Investors are those investors who suffered net harm by virtue of the conduct described in the Order. The Eligible Investors able to receive a payment are limited to only those persons who were fraudulently induced to purchase during the Relevant Period one or more of the investments at issue in the Order as described in paragraph 1 of the Plan<sup>3</sup> and who also suffered a Harm Amount, as described in paragraph 13 of the Plan. As described further within the Plan, the Harm Amount is calculated as the sum of actual principal investments by an Eligible Investor, less any monies received by an Eligible Investor as

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<sup>1</sup> All capitalized terms used herein but not defined shall have the same meanings ascribed to them in the Plan.

<sup>2</sup> Order Instituting Administrative and Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933, Section 21C of the Securities Exchange Act of 1934, Sections 203(f) and 203(k) of the Investment Advisers Act of 1940 and Section 9(b) of the Investment Company Act of 1940, Making Findings and Imposing Remedial Sanctions and a Cease-and-Desist Order, Securities Act Rel. No. 9666 (Oct.17, 2014).

<sup>3</sup> The Order found, among other things, that there were (a) "at least eleven investors invested in the fictitious Corsac Fund"; (b) "at least six investors invested in Corsac" shares; (c) "approximately forty-four investors" who purchased membership interests in Bidtoask; and (d) "ten investors" in the two technology companies, Xora, Inc. and Specific Media, Inc. (The Order did not identify either of the two technology companies.)

repayments, settlements, insurance, or other payments in connection with this matter from Respondents or any other third party.<sup>4</sup>

The Order found that, in summary, from at least 2009 through 2013, Respondents raised over \$2 million from investors in several fraudulent securities offerings and misappropriated over \$400,000 of that amount. Coronati's first two fraudulent offerings were for a purported hedge fund called Corsac Group Limited or Corsac Limited and for shares in Corsac Inc., which he represented without basis would soon hold an initial public offering ("IPO"). *See* Order at paragraphs 10-23. Respondents also obtained investor funds by offering membership interests in Bidtoask. *See* Order at paragraphs 24-31. Respondents represented that Bidtoask would invest or had invested in promising technology companies that had yet to hold IPOs. In fact, Bidtoask held no shares in the two privately-owned technology companies offered to investors, and neither company was in the process of an IPO. *See* Order at paragraphs 32-37. Although Bidtoask did make two genuine pre-IPO investments related to Facebook – with significant fees that Coronati and Bidtoask concealed from investors – Coronati misappropriated some of the funds. *See* Order at paragraphs 28 and 30. Also, while Respondents did distribute to investors a portion of the proceeds from the sale of Facebook shares acquired that were not misappropriated, Coronati failed to distribute any share sale proceeds to three investors who purchased membership interests in Bidtoask related to Facebook. *See* Order at paragraph 31. As a result of this conduct, the Order found that Coronati willfully violated and Bidtoask violated Section 17(a) of the Securities Act of 1933, Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 thereunder. Coronati additionally willfully violated Sections 206(1), 206(2), 206(4) of the Investment Advisers Act of 1940 and Rule 206(4)-8 thereunder.

The Commission ordered Coronati to pay \$400,000.00 consisting of disgorgement of \$292,646.36, prejudgment interest of \$7,353.64, and a civil penalty of \$100,000.00. The Order provided that payments were to be made in installments within 364 days of the entry of the Order. As of February 16, 2017, Coronati has paid \$150,000.00 of the \$400,000.00 due.

Pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, as amended, the Order created a Fair Fund for the benefit of injured investors. The Fair Fund is comprised of the disgorgement, interest, and penalties paid and to be paid by Coronati and is for distribution to Eligible Investors. The Plan is subject to approval by the Commission, and the Commission retains jurisdiction over the implementation of the Plan.

The Fair Fund is currently on deposit in a Commission designated account with the United States Department of the Treasury, and is subject to the control of the Commission. The Fair Fund constitutes a Qualified Settlement Fund under Section 468B(g) of the Internal Revenue Code, 26 U.S.C. § 468B(g), and related regulations, 26 C.F.R. §§ 1.468B-1 through 1.468B-5.

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<sup>4</sup> With respect to any Eligible Investors who purchased a Facebook-related membership interest in Bidtoask, the Harm Amount does not include any increase or decrease in the market price for Facebook shares that occurred prior to Respondents' sale of actual Facebook-related interests made on behalf of such investors. Any increase or decrease in the share price of Facebook shares was unrelated to the misconduct described in the Order.

## **OPPORTUNITY FOR COMMENT**

Pursuant to this Notice, all interested persons are advised that they may obtain a copy of the Plan from the Commission's public website at <http://www.sec.gov/litigation/fairfundlist.htm>. Interested persons may also obtain a written copy of the Plan by submitting a written request to Nichola L. Timmons, Esq., United States Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-5876. All persons who desire to comment on the Plan may submit their comments, in writing, no later than thirty (30) days from the date of this Notice:

1. to the Office of the Secretary, United States Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-1090;
2. by using the Commission's Internet comment form (<http://www.sec.gov/litigation/admin.shtml>); or
3. by sending an e-mail to [rule-comments@sec.gov](mailto:rule-comments@sec.gov).

Comments submitted should include "Administrative Proceeding File Number 3-16203" in the subject line. Comments received will be publicly available. Persons should submit only information that they wish to make publicly available.

## **THE PLAN**

The Fair Fund is comprised of the disgorgement, prejudgment interest, and civil penalties paid, and to be paid by Coronati. The Plan provides for a hold back of ten percent (10%) of the Fair Fund (the "Reserve"). The Reserve will be used, if necessary, to accommodate any unexpected expenditures or distribution payments. The Reserve may be distributed in accordance with the Plan's methodology, subject to the discretion of the Fund Administrator. The Net Fair Fund is the Fair Fund, less the Reserve, and less any federal, state, or local taxes, fees or other expenses of administering the Plan.

In accordance with the Order, as of February 16, 2017, Coronati has paid \$150,000.00 of the \$400,000.00 amount due. Any outstanding payments received after approval of the Plan will be added to the Fair Fund and distributed in accordance with the Plan. The Plan proposes to distribute the Net Fair Fund to affected investors who suffered a Harm Amount by virtue of the conduct described in the Order and as calculated per the methodology set forth in the Plan.

The Plan provides for Eligible Investors to receive monies from the Fair Fund that represents their proportionate share of the Net Fair Fund. The Eligible Investors will not be required to make claims or submit documentation to establish their eligibility. The Plan provides that on the basis of information obtained by the Commission staff through review and analysis of applicable records, the Fund Administrator will identify the Eligible Investors. Within sixty (60) days of the Commission's approval of the Plan, the Fund Administrator will send each Eligible Investor a Plan Approval Notification regarding the Commission's approval of the Plan that will include 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, a Harm Amount calculation and a preliminary calculation of the Fair Fund Payment, 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. The Fund Administrator will coordinate with the Tax Administrator to request information from each Eligible Investor that is needed to accomplish the distribution in accordance with applicable tax requirements relating to the Fair Fund.

The Plan also provides procedures for Eligible Investors to dispute the amounts received. Disputes will be limited to calculations of an Eligible Investor's Fair Fund Payment. Should an Eligible Investor wish to dispute the amount received, the Fund Administrator must receive a written communication from the Eligible Investor detailing the dispute along with any supporting documentation within thirty (30) days of the date that the Plan Approval Notification is sent to an Eligible Investor. The Fund Administrator will investigate the dispute, and such investigation will include a review of the written dispute as well as any supporting documentation. Within thirty (30) days of receipt of the written dispute, the Fund Administrator will notify the Eligible Investor of her resolution of the dispute, which shall be final.

For the Commission, by its Secretary, pursuant to delegated authority.

Brent J. Fields  
Secretary