

Memorandum for
Notice of Proposed Plan – Delegated Authority

DATE: October 10, 2023
CASE NUMBER: C-08656

TO: Gurbir Grewal, Division Director

VIA: Nichola L. Timmons, Chief of Bankruptcy, Collections, Distributions, and Receiverships

FROM: Jennifer Cardello, Trial Attorney

RE: *In the Matter of Frontier Wealth Management, LLC and Shawn Sokolosky*
Admin. Proc. File No. 3-20526

Please email a PDF of this memo with a Senior Officer’s endorsement signature to ENFDirectorDelegations@sec.gov.

Action Sought:	Publication of the attached notice of proposed plan of distribution and opportunity for comment, and posting of the proposed plan of distribution.
Delegation to Exercise:	17 C.F.R. § 200.30-4(a)(21)(iii)
Document to be Published:	Notice of Proposed Plan of Distribution and Opportunity for Comment (and posting of the Proposed Plan of Distribution)
Brief Description:	On September 3, 2021, the Commission issued an Order Instituting Administrative and Cease-and-Desist Proceedings, Pursuant to 8A of the Securities Act of 1933, Sections 203(e), 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 (the “Order”) against Frontier Wealth Management, LLC and Shawn Sokolosky (collectively, the “Respondents”). The Commission ordered the Respondents to pay \$261,617.00 in disgorgement, \$47,095.00 in prejudgment interest, and \$450,000.00 in civil money penalties, for a total of \$758,712.00, to the Commission. The Commission also created a Fair Fund, pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, so the penalties paid, along with the disgorgement and interest paid, can be distributed to harmed investors (the “Fair Fund”).

PRIVILEGED AND CONFIDENTIAL

	<p>The Fair Fund consists of the \$758,712.00 paid by the Respondents. The Fair Fund has been deposited in a Commission-designated account at the U.S. Department of the Treasury, and any accrued interest will be added to the Fair Fund.</p>
Any Significant/Novel Issues:	Not Applicable
Reasoning:	<p>Staff has prepared a proposed plan of distribution (the “Proposed Plan”), pursuant to Rule 1101 of the Commission’s Rules on Fair Fund and Disgorgement Plans (the “Commission’s Rules”). The Proposed Plan provides for the distribution of the Net Available Fair Fund, comprised of the Fair Fund, plus any accrued interest, less taxes and administrative costs, to compensate investors based on management fees paid in connection with their investment in the Frontier Permo Fund from February 1, 2016 through February 28, 2018, inclusive, as calculated by the methodology used in the plan of allocation in the Proposed Plan.</p> <p>Rule 1103 of the Commission’s Rules requires at least 30 days’ notice be given to the public in order to provide the public with an opportunity to comment on the proposed plan of distribution.</p>

ENDORSEMENT:

I recommend that the Division Director authorize the staff to submit the attached Notice for publication by the Division Director’s delegated authority, pursuant to 17 C.F.R. § 200.30-4(a)(21)(iii), and do hereby certify such action is in compliance with the conditions on the use of the delegated authority.

10/10/2023

X *Nichola L Timmons*

Nichola L. Timmons
Chief, BCDR
Signed by: Timmons, Nichola L.

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No.

ADMINISTRATIVE PROCEEDING
File No. 3-20526

_____	:	
In the Matter of	:	
	:	
Frontier Wealth Management, LLC	:	NOTICE OF PROPOSED PLAN OF
and Shawn Sokolosky,	:	DISTRIBUTION AND
	:	OPPORTUNITY FOR COMMENT
Respondents.	:	
_____	:	

Notice is hereby given, pursuant to Rule 1103 of the United States Securities and Exchange Commission’s (the “Commission”) Rules on Fair Fund and Disgorgement Plans (the “Commission’s Rules”), 17 C.F.R. § 201.1103, that the Division of Enforcement has submitted to the Commission a proposed plan of distribution (the “Proposed Plan”) for the distribution of monies paid in the above-captioned matter.

On September 3, 2021, the Commission issued an Order Instituting Administrative and Cease-and-Desist Proceedings, Pursuant to 8A of the Securities Act of 1933, Sections 203(e), 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 (the “Order”)¹ against Frontier Wealth Management, LLC and Shawn Sokolosky (collectively, the “Respondents”). In the Order, the Commission found that from January 2016 to February 2018, Frontier failed to adopt and implement written policies and procedures reasonably designed to prevent its investment advisory representatives (“IARs”) from recommending certain types of complex products to clients for whom they were not suitable. In total, the Commission ordered the Respondents to pay \$261,617.00 in disgorgement, \$47,095.00 in prejudgment interest, and \$450,000.00 in civil money penalties, for a collective total of \$758,712.00, to the Commission. The Commission also created a Fair Fund, pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, so the penalties paid, along with the disgorgement and interest paid, can be distributed to harmed investors (the “Fair Fund”).

The Fair Fund includes the \$758,712.00 paid by the Respondents. The assets of the Fair Fund are subject to the continuing jurisdiction and control of the Commission. The Fair Fund and has been deposited in a Commission-designed account at the U.S. Department of the Treasury, and any interest accrued will be added to the Fair Fund.

¹ Securities Act Rel. No. 10978 (Sept. 3, 2021).

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 Proposed Plan by submitting a written request to Jennifer Cardello via email at cardelloj@sec.gov. All persons who desire to comment on the Proposed 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.

Comments submitted by email or via the Commission's website should include "Administrative Proceeding File No. 3-20526" in the subject line. Comments received will be publicly available. Persons should submit only information they wish to make publicly available.

THE PROPOSED PLAN

The Net Available Fair Fund² is comprised of the \$758,712.00 in disgorgement, prejudgment interest, and civil money penalties paid by the Respondents, plus any interest and income earned thereon, less Administrative Costs. The Proposed Plan provides for the distribution of the Net Available Fair Fund to compensate investors based on management fees paid in connection with their investment in the Frontier Permo Fund from February 1, 2016

² All capitalized terms used herein but not defined shall have the same meanings ascribed to them in the Proposed Plan.

through February 28, 2018, inclusive, as calculated by the methodology used in the Plan of Allocation in the Proposed Plan.

For the Commission, by the Division of Enforcement, pursuant to delegated authority.³

Vanessa A. Countryman
Secretary

Action as set forth or recommended herein APPROVED pursuant to authority delegated by the Commission under 17 C.F.R. § 200.30-4(a)(21)(iii).



For: Division of Enforcement

By: Gurbir Grewal

Division Director

Date: October 12, 2023

³ 17 C.F.R. § 200.30-4(a)(21)(iii).

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

ADMINISTRATIVE PROCEEDING
File No. 3-20526

In the Matter of	:	
	:	
	:	PROPOSED PLAN OF
Frontier Wealth Management, LLC	:	DISTRIBUTION
and Shawn Sokolosky	:	
	:	
	:	
Respondents.	:	

I. OVERVIEW

1. The Division of Enforcement 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. This Plan provides for the distribution of a Fair Fund (the “Fair Fund”) comprised of disgorgement, prejudgment interest, and civil money penalties paid by Frontier Wealth Management, LLC and Shawn Sokolosky (collectively, the “Respondents”) in the above-captioned matter.¹

2. As described more specifically below, the Plan seeks to compensate investors who were harmed, by the Respondents’ conduct described in the Order, in connection with management fees paid in connection with investments made in the Frontier Permo Fund. 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. As calculated using the methodology detailed in the Plan of Allocation (attached as Exhibit A), investors will be compensated based on management fees paid in connection with their investment in the Frontier Permo Fund (the “Security”) from February 1, 2016 through February 28, 2018, inclusive (the “Relevant Period”).

¹ See Order Instituting Administrative and Cease-and-Desist Proceedings, Pursuant to 8A of the Securities Act of 1933, Sections 203(e), 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. 10978 (Sept. 3, 2021) (the “Order”).

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 subject to approval by the Commission, and the Commission retains jurisdiction over its implementation.

II. BACKGROUND

6. On September 3, 2021, the Commission issued the Order instituting and simultaneously settling administrative and cease-and-desist proceedings against the Respondents. In the Order, the Commission found that from January 2016 to February 2018, Frontier failed to adopt and implement written policies and procedures reasonably designed to prevent its investment advisory representatives (“IARs”) from recommending certain types of complex products to clients for whom they were not suitable. In total, the Commission ordered the Respondents to pay \$261,617 in disgorgement, \$47,095 in prejudgment interest, and \$450,000 in civil money penalties, for a collective total of \$758,712, to the Commission. The Commission also created the Fair Fund, pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, so the penalties paid, along with the disgorgement and interest paid, can be distributed to harmed investors.

7. The Respondents have paid in full. The Fair Fund has been deposited in a Commission-designated account at the United States Department of the Treasury, and any accrued interest will be added to the Fair Fund.

III. DEFINITIONS

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

8. **“Administrative Costs”** shall mean any administrative costs and expenses, including without limitation tax obligations, the fees and expenses of the Tax Administrator and Third-Party, and investment and banking costs.

9. **“Certification Form”** means the form that will be emailed or mailed to each Preliminary Claimant in order to confirm his, her, or its calculated Recognized Loss, the name and mailing address of the payee to which a Distribution Payment should be issued, if applicable. The Certification Form may be accompanied by tax forms, as required, relating to the tax treatment of any distribution.

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

11. **“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.

12. **“Excluded Party”** shall mean: (a) the Respondents, and Respondents’ advisers, agents, nominees, assigns, creditors, heirs, distributees, spouses, parents, children, or controlled entities; (b) the Third-Party, its employees, and those Persons assisting the Third-Party in its role as the Third-Party; and (c) 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.

13. **“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 Respondents’ violations described in the Order.

14. **“Final Determination Notice”** means the written notice sent by the Fund Administrator 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 by returning the Certification Form and/or any other requested documentation, as described in paragraph 40 notifying the Preliminary Claimant that he, she, or it has been deemed an Unresponsive Preliminary Claimant. The Fund Administrator will not send a Final Determination Notice to a Preliminary Claimant, if his, her, or its Plan Notice was returned as “undeliverable.” The Final Determination Notice will constitute the Fund Administrator’s final ruling regarding the status of the claim.

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

16. **“Payee”** means an Eligible Claimant whose distribution amount is equal to or greater than \$10.00, as calculated in accordance with the Plan of Allocation, who will receive a Distribution Payment.

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

18. **“Plan Notice”** means a written notice from the Third-Party to each Preliminary Claimant 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; a Certification Form, along with specification of any additional 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 Fund Administrator as a resource for additional information or to contact with questions regarding the distribution.

19. **“Plan of Allocation”** means the methodology used by the Fund Administrator to calculate if a Preliminary Claimant has suffered a Recognized Loss. The Plan of Allocation is attached as Exhibit A.

20. “**Preliminary Claimant**” means a Person, 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, who may have suffered a loss as a result of management fees paid in connection with investments made in the Security during the Relevant Period.

21. “**Recognized Loss**” means the amount of loss calculated for a Preliminary Claimant in accordance with the Plan of Allocation.

22. “**Relevant Period**” is from February 1, 2016 through February 28, 2018, inclusive.

23. “**Security**” means the Frontier Permo Fund.

24. “**Third-Party**” means the third party engaged by the Fund Administrator to perform some of the administrative tasks associated with implementing the Plan.

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

IV. TAX COMPLIANCE

26. On January 18, 2023, the Commission appointed Heffler, Radetich & Saitta, LLP as the tax administrator (the “Tax Administrator”) for the Fair Fund to handle the tax obligations of the Fair Fund.² The Tax Administrator will be compensated for reasonable fees and expenses from the Fair Fund in accordance with its 2022-2024 Engagement Letter Agreement with the Commission.³

27. 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;

² See Order Appointing Tax Administrator, Exchange Act Rel. No. 96692 (Jan. 18, 2023).

³ See Omnibus Order Directing the Engagement of Two Tax Administrators for Appointment on a Case-By-Case Basis in Administrative Proceedings that Establish Distribution Funds, Exchange Act Rel. No. 94845 (May 4, 2022).

- (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.

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

V. FUND ADMINISTRATOR

29. Jennifer Cardello 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,⁴ no bond is required since the Fund Administrator is a Commission employee.

30. 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; disseminating the Plan Notice and Certification Form; 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 Account 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 the Third-Party, Analytics Consulting LLC, to perform some of the administrative tasks associated with implementing the Plan in the amount of \$6,136. The Third-Party’s fees and expenses will be paid from the Fair Fund as an Administrative Cost, pursuant to a cost proposal submitted to and approved by the Commission staff.

31. To carry out the purposes of this Plan, the Fund Administrator 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, Commission approval is required prior to implementation by amending the Plan.

32. The Fund Administrator 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

33. Using information obtained during its investigation, the Commission has identified the Preliminary Claimants. Preliminary Claimants are limited to only those Persons

⁴ 17 C.F.R. § 201.1105(c).

who may have suffered a loss as a result of paying management fees associated with investment in the Security during the Relevant Period.

Procedures for Locating and Notifying Preliminary Claimants

34. Within thirty (30) days of Commission approval of the Plan, the Third-Party will send the Plan Notice to each Preliminary Claimant's last known email address (if known) and/or mailing address.

Undeliverable Mail

35. If any mailing is returned as undeliverable, the Third-Party will make the best practicable efforts to ascertain a Preliminary Claimant's correct address. If another address is obtained, the Third-Party will then resend it to the Preliminary Claimant's new address within ten (10) days of receipt of the returned mail. If the mailing is returned again, and the Third-Party, despite best practicable efforts, is unable to find a Preliminary Claimant's correct address, the Fund Administrator, in consultation with the Third-Party, may deem such Preliminary Claimant an Unresponsive Preliminary Claimant.

36. 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

37. Any Person who does not receive a Plan Notice, as described in paragraph 34, 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 Fund Administrator within forty-five (45) days from the approval of the Plan to establish that they should be considered a Preliminary Claimant. The Fund Administrator will direct the Third-Party to send the Person a Plan Notice within fifteen (15) days of receiving the Person's documentation, if the Fund Administrator determines that the Person should have received a Plan Notice.

Certification Requirement by Preliminary Claimants and Failure to Respond to Plan Notice

38. In order to maintain classification as a Preliminary Claimant, the Certification Form must be signed by the Preliminary Claimant under penalty of perjury under the laws of the United States and returned to the Fund Administrator by the deadline stated in the Plan Notice. The Certification Form must be executed by the Preliminary Claimant, unless the Fund Administrator accepts such Certification Form from a successor, heir, administrator, or other Person authorized to act on the Preliminary Claimant's behalf. Those authorized to act on behalf of Preliminary Claimants will be eligible to participate in the distribution to the same extent the original investor would have been eligible under the terms of the Plan.

39. The Fund Administrator will review all Certification Forms. Each Preliminary Claimant will have the burden of proof to establish their identity as a Preliminary Claimant, or his, her, or its successor. The Fund Administrator will have the right to request, and the Preliminary Claimant will have the burden of providing to the Fund Administrator, any additional information and/or documentation deemed relevant by the Fund Administrator.

40. If a Preliminary Claimant fails to return the Certification Form and/or any requested tax forms, as requested in the Plan Notice, within forty-five (45) days from the initial emailing and/or mailing of the Plan Notice, the Fund Administrator will make no fewer than two (2) attempts to contact the Preliminary Claimant by telephone or email, if known to the Fund Administrator. If a Preliminary Claimant fails to respond to the Fund Administrator's contact attempts as described in this paragraph, the Fund Administrator, in her discretion, may remove such Preliminary Claimant from the distribution, deem such Preliminary Claimant an Unresponsive Preliminary Claimant, and such Preliminary Claimant's allocated amount of the Net Available Fair Fund will remain in the Fair Fund.

Dispute Process

41. Disputes will be limited to Preliminary Claimant's Recognized Loss calculation. Within forty-five (45) days of the emailing and/or mailing of the Plan Notice, the Fund Administrator must receive the Certification Form and a written communication detailing any dispute along with supporting documentation. The Fund Administrator will investigate any dispute. Such investigation will include a review of the written dispute as well as any supporting documentation.

Final Determination Notice

42. Within one hundred thirty (130) days of Commission approval of the Plan, the Fund Administrator, in consultation with the Third-Party will send a Final Determination Notice to (a) any Preliminary Claimant who timely submitted a written dispute as described in paragraph 41 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 describe in paragraph 40 above, notifying the Preliminary Claimant that he, she, or it has been deemed an Unresponsive Preliminary Claimant. Those Preliminary Claimants whose Plan Notices were returned as undeliverable will not receive a Final Determination Notice.

Distribution Methodology

43. 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.

44. No Distribution Payments will be made for less than \$10.00. If an Eligible Claimant's distribution amount calculates to less than \$10.00, in accordance with the Plan of Allocation, 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 \$10.00. All Eligible Claimants whose distribution amount is equal to or greater than \$10.00, as calculated in accordance with the Plan of Allocation, will be deemed a Payee and receive a Distribution Payment.

Establishment of a Reserve

45. 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").

46. 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 58 below.

Preparation of the Payment File

47. Within one hundred eighty (180) days of Commission approval of the Plan, the Fund Administrator will compile and send to the Commission staff the Payee information, including the name, address, calculated Recognized Loss, and the amount of the Distribution Payment for all Payees (the "Payee List").

The Escrow Account

48. Prior to the disbursement of funds from the Net Available Fair Fund, the Third-Party will establish an escrow account at a United States commercial bank that is a well-capitalized financial institution as defined by the Federal Reserve Act, Subpart D, 12 C.F.R. 208.43 and that is not unacceptable to the Commission staff (the "Bank"), pursuant to an escrow agreement (the "Escrow Agreement") provided by the Commission staff.

Distribution of the Fair Fund

49. Pursuant to Rule 1101(b)(6) of the Commission's Rules, 17 C.F.R. § 201.1101(b)(6), the Commission staff will obtain an order from the Commission to disburse funds from the Net Available Fair Fund to the Bank in accordance with the Payee List for distribution by the Third-Party in accordance with the Plan. Pursuant to the order, the funds will be transferred to the Bank, and the Third-Party will be responsible for issuing Distribution Payments to Payees in accordance with the Payee List. For any electronic payment, the exact amount necessary to make a payment shall be transferred directly to the Payee's bank account in accordance with written instructions provided to the Bank by the Third-Party.

50. All checks will bear a stale date of one hundred twenty (120) days from the date of issuance. Checks that are not negotiated by the stale date will be voided, and the Bank 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 Fair Fund, except as provided in paragraph 54.

51. 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 hundred twenty (120) days from the date the original check was issued; and (d) contact information for the Third Party for questions regarding the Distribution Payment. The letter or other mailings to Payees characterizing a Distribution Payment will be prepared by the Tax Administrator and provided to the Commission staff for review and approval.

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

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

53. The Third-Party 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 Third-Party as “undeliverable.” If new address information becomes available, the Third-Party 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 hundred twenty (120) days after the initial mailing of the original check) or if the distribution check is returned again, the check shall be voided and the Third-Party shall instruct the issuing financial institution to stop payment on such check. If the Third-Party is unable to find a Payee’s correct address, the Fund Administrator, in consultation with the Third-Party, in her 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.

54. The Fund Administrator will direct the Third-Party to 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 Fund Administrator will request, and must receive, documentation to support the requested change. The Fund Administrator will review the documentation to determine the authenticity and propriety of the change request. If, in the discretion of the Fund Administrator, such change request is properly documented, the Fund Administrator will direct the Third-Party to issue an appropriately redrawn Distribution Payment to the requesting party. In no event will a check be reissue after the stale date of the original check without the approval of Commission staff.

55. The Third-Party will work with the Bank and maintain information about uncashed checks and any returned items due to non-delivery, insufficient addresses, and/or other

deficiencies. The Third-Party is responsible for researching and reconciling errors and reissuing payments when directed by the Fund Administrator. The Third-Party 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.

56. The Fund Administrator will make and document her best efforts to contact Payees to follow-up on the status of uncashed distribution checks over \$100 (other than those returned as “undeliverable”) and take appropriate action to follow-up on the status of uncashed checks at the request of Commission staff. The Fund Administrator may direct the Third-Party to reissue such checks, subject to the time limits detailed herein.

Disposition of Undistributed Funds

57. If funds remain following the initial distribution, the Fund Administrator, in consultation with the Commission staff, may seek subsequent distribution(s) of any available remaining funds, pursuant to the Commission’s Rules. All subsequent distributions shall be made in a manner that is consistent with this Plan.

58. A residual 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, checks or electronic payments that were not delivered or were returned to the Commission, and tax refunds received due to the Fair Fund’s overpayment of taxes or for waiver of IRS penalties.

59. Once the Fund Administrator, in consultation with the Commission staff, deems further distribution of the Fair Fund to investors infeasible, the Third-Party will direct any uncashed Distribution Payments to be voided, and return any remaining funds disbursed to the Bank in paragraph 49 above, to the Commission to be added to the Residual.

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

Administrative Costs

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

Filing of Reports and Accountings

62. When all funds have been disbursed, except for the Residual described in paragraph 58 of the Plan, the Third-Party will submit to the Fund Administrator a final report

(the “Third-Party Final Report”) that includes an accounting of all funds disbursed to the Bank. The Third-Party Final Report will include, at a minimum, the number and total amount of Distribution Payments sent to Payees, and the number and total amount of Distribution Payments successfully disbursed (i.e., cashed or electronically transferred) to Payees, and the amount of funds returned to the Commission, pursuant to paragraph 59 above. The Third-Party Final Report must be endorsed by a declaration executed by the Third-Party under penalty of perjury under the laws of the United States.

63. Upon receipt of the Third-Party’s Final Report described above, 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 Commission’s approval prior to termination of the Fair Fund and discharge of the Fund Administrator. Since the Fund Administrator is a Commission employee, no interim accountings will be made.

Termination of the Fair Fund

64. 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; (b) all Administrative Costs have been paid; and (c) any amount remaining in the Fair Fund has been returned to the Commission for transfer to U.S. Treasury. Once the Commission has approved the final accounting, the Commission staff will seek an order from the Commission authorizing: (a) the transfer of the Residual that is infeasible to return to investors, and any amounts returned to the Fair Fund in the future that is 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.

VII. NOTICE OF PROPOSED PLAN AND OPPORTUNITY FOR COMMENT

65. The Notice of the Proposed Plan of Distribution and Opportunity for Comment (the “Notice”) shall be published on the Commission’s website <http://www.sec.gov/litigation/fairfundlist.htm>. Any Person wishing to comment on the Plan must do so in writing by submitting their comments 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, N.E., Washington, D.C. 20549-1090; (b) by using the Commission’s Internet comment form (www.sec.gov/litigation/admin.shtml); or (c) by sending an e-mail to rule-comments@sec.gov. Comments submitted by e-mail or via the Commission’s website should include “Administrative Proceeding File No. 3-20526 in the subject line. Comments received will be publicly available. Persons should only submit comments that they wish to make publicly available.

Exhibit A

PLAN OF ALLOCATION

This Plan of Allocation¹ is designed to compensate investors based on the management fees paid in connection with their investment in the Frontier Permo Fund (the “Security”) from February 1, 2016² through February 28, 2018, inclusive (the “Relevant Period”), due to the misconduct of the Respondents. Investors who did not hold the Security during the Relevant Period or who are an Excluded Party are ineligible to recover under this Plan. Based upon records obtained by the Commission during its investigation, the Fund Administrator has identified those investors, or their lawful successors, who may have suffered a loss as a result of management fees paid in connection with investments made in the Security during the Relevant Period (the “Preliminary Claimants”).

Each Preliminary Claimant’s loss (“Recognized Loss”) will be calculated as follows:

- A. The sum of actual management fees paid by the Preliminary Claimant in connection with their investment in the Security from February 1, 2016 through June 30, 2017, as recorded by the Respondent, *plus*,
- B. The sum of estimated management fees paid by the Preliminary Claimant from July 1, 2017 through February 28, 2018. Estimated management fees will be calculated by allocating the management fees reported by Frontier Permo Fund, LLC in its audited financial statements to each Preliminary Claimant proportionally to each Preliminary Claimant’s monthly capital balance.

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 will be deemed an Eligible Claimant.

Additional Provisions

Allocation of Funds: Each Eligible Claimant’s distribution amount will equal his, her or its Recognized Loss, plus any “Reasonable Interest” awarded. The distribution amount will be subject to the “Offset for Prior Recovery” and the “Minimum Distribution Amount.”

Offset for Prior Recovery: To avoid payment of a windfall, an Eligible Claimant’s distribution amount will be no larger than his, her, or its Recognized Loss minus 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 (“Prior Recovery”), plus any “Reasonable Interest” awarded. That is, the distribution amount will be capped at the Recognized Loss less the Prior Recovery, plus any “Reasonable Interest” awarded.

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

² The Permo Fund commenced operations on February 1, 2016.

Reasonable Interest: The Fund Administrator may include interest in the distribution amount to compensate for the time value of money. 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, Reasonable Interest will be awarded on a *pro-rata* basis from the excess funds in proportion to the distribution amount.

Minimum Distribution Amount: The Minimum Distribution Amount will be \$10.00. An Eligible Claimant whose distribution amount is less than the Minimum Distribution Amount will be deemed ineligible 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.

Distribution Payment: Each Payee will receive a Distribution Payment equal to his, her or its distribution amount.