

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 95965 / October 3, 2022

ADMINISTRATIVE PROCEEDING
File No. 3-18897

In the Matter of	:	
	:	
	:	
Paragon Coin, Inc.,	:	NOTICE OF PROPOSED PLAN OF
	:	DISTRIBUTION AND
Respondent.	:	OPPORTUNITY FOR COMMENT
	:	

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 November 16, 2018, the Commission issued the Order instituting and simultaneously settling cease-and-desist proceedings against Paragon Coin, Inc. (“Paragon” or “Respondent”).¹ In the Order, the Commission found that between August 2017 and October 2017, Respondent offered and sold the Security to be issued on a block chain, or a distribution ledger (the “Offering”) to raise capital to develop and implement its business plan to add blockchain technology to the cannabis industry and work towards legalization of cannabis. According to the Order, Paragon raised approximately \$12 million during the offering. The Commission found that Respondent violated Sections 5(a) and 5(c) of the Securities Act of 1933 (“Securities Act”) by offering and selling the Security without having a registration statement filed or in effect with the Commission or qualifying for exemption from registration with the Commission.

In the Order, among other things, the Respondent undertook to register the Security as a class of securities; to distribute a notice and claim form notifying all eligible purchasers of their potential claims under Section 12(a) of the Securities Act, including their right to sue “to recover the consideration paid for such security with interest thereon, less the amount of any income received thereon, upon the tender of such a security, or for damages if [the purchaser] no longer owns the security” and informing such purchasers that they may submit a written claim directly to the Respondent and that such claims must be submitted within three (3) months from the claim form deadline.

¹ Order Instituting Cease-and-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933, Making Findings, Imposing Penalties and a Cease-and-Desist Order, Securities Act Rel. No. 10574 (Nov. 16, 2018).

In anticipation of Respondent's compliance with the undertakings set forth in the Order, it was determined no further funds would be needed to fully compensate the harmed investors. Therefore, the \$250,000 civil money penalty that the Commission imposed was ordered to be paid to the Commission for transfer to the general fund of the U.S. Treasury, pursuant to the payment plan detailed therein.

Respondent defaulted on its obligation to perform a respondent-administered claims process under the terms of the Order. Commission staff subsequently determined that it was feasible to distribute the \$175,000 civil money penalty that was sent to the U.S. Treasury and recalled the funds.

On April 9, 2021, the Commission issued an order establishing the Fair Fund, pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, for the \$175,000 in recalled funds and any future funds paid by the Respondent pursuant to the Order, so the civil money penalty paid by Respondent can be distribute for the benefit of harmed investors.²

The Fair Fund consists of the \$175,000.00 paid by the Respondent, and any additional monies received, pursuant to the Order, will be added to the Fair Fund. The Fair Fund has been deposited in an interest-bearing account at the U.S. Department of the Treasury's Bureau of the Fiscal Service for investment.

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 Keshia Ellis, United States Securities and Exchange Commission, 100 F Street NE, Washington, DC 20549. 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. 3-18897" in the subject line. Comments received will be publicly available. Persons should submit only information they wish to make publicly available.

² See Order Establishing a Fair Fund, Exchange Act Rel. No. 91522 (Apr. 9, 2021).

THE PROPOSED PLAN

The Net Available Fair Fund is comprised of the \$175,000.00 in civil money penalties paid by the Respondent, and any future funds paid by the Respondent pursuant to the Order, plus interest and income earned thereon, less taxes, fees, and expenses. The Proposed Plan provides for the distribution of the Net Available Fair Fund to compensate investors for their out-of-pocket losses incurred from purchasing or acquiring “PRG Tokens,” a digital token issued by Respondent, between August 1, 2017 and October 23, 2017, 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

³ 17 C.F.R. § 200.30-4(a)(21)(iii).