

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934

Release No. 99688 / March 7, 2024

ADMINISTRATIVE PROCEEDING

File No. 3-20393

In the Matter of :

Momentum, Inc., Stable Road :

Acquisition Corp., SRC-NI :

Holdings, LLC, and Brian Kabot, :

Respondents. :

**ORDER APPROVING PLAN OF
DISTRIBUTION**

I. OVERVIEW

On July 13, 2021, the Commission issued an Order Instituting Cease-and-Desist Proceedings, Pursuant to Section 8A of the Securities Act of 1933 and Section 21C of the Securities Exchange Act of 1934, Making Findings, and Imposing a Cease-and-Desist Order (the “Order”)¹ against Momentum, Inc. (“Momentum”), Stable Road Acquisition Corp. (“Stable Road”),² SRC-NI Holdings, LLC (“SRC-NI”), and Brian Kabot (“Kabot”) (collectively, the “Respondents”). In the Order, the Commission found that Momentum, a privately held space company that aspires to provide space infrastructure services, and its former Chief Executive Officer (“CEO”) Mikhail Kokorich (“Kokorich”), made materially false statements, omitted to state material facts, and engaged in other deceptive conduct as Momentum sought to go public through a business combination with Stable Road, a publicly traded special-purpose acquisition company (“SPAC”). Specifically, the Commission found that Momentum’s business plans and multi-billion-dollar revenue projections, as provided to investors and described in Stable Road’s Form S-4 registration statement/proxy statement filed in connection with the anticipated merger, were materially false and misleading.

According to the Order, Stable Road also engaged in negligent misconduct by repeating and disseminating Momentum’s misrepresentations in Commission filings without a reasonable basis in fact and its due diligence failures compounded Momentum’s and Kokorich’s misrepresentations and omissions, resulting in the dissemination of materially false and misleading information to investors. Additionally, the Commission found that Kabot, Stable Road’s CEO, who signed Commission filings that included misrepresentations about Momentum’s technology and national security risks, caused Stable Road’s disclosure violations. According to the Order, Stable Road’s public filings, including registration statements signed by Kabot that incorporated Momentum’s and Kokorich’s false and

¹ Securities Act Rel. No. 10955 (July 13, 2021).

² The short cite of (“SRAC”) used to refer to Stable Road Acquisition Corp. has been changed to “Stable Road” in the Plan.

misleading claims, caused investors to be misled about material aspects of Momentus' business. The Commission further found that Kabot was a managing member of Stable Road's sponsor, SRC-NI, and his conduct as described in the Order, was also attributable to SRC-NI.

The Commission ordered the Respondents to pay a collective total of \$8,040,000.00 in civil money penalties 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 collected can be distributed to harmed investors (the "Fair Fund"). 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.

On February 24, 2023, the Division of Enforcement (the "Division"), pursuant to delegated authority, appointed Epiq Class Action & Claims Solutions, Inc. as the fund administrator of the Fair Fund and set the administrator's bond at \$8,040,000.00.³

On June 27, 2023, the Division, pursuant to delegated authority, published a Notice of Proposed Plan of Distribution and Opportunity for Comment ("Notice"),⁴ pursuant to Rule 1103 of the Commission's Rules on Fair Fund and Disgorgement Plans (the "Commission's Rules").⁵ The Notice advised all interested persons that they may obtain a copy of the proposed plan of distribution ("Proposed Plan") from the Commission's public website at <http://www.sec.gov/litigation/fairfundlist.htm> or by submitting a written request to Noel Gittens, United States Securities and Exchange Commission, 100 F Street, NE., Washington, DC 20549-5876. All persons who desired to comment on the Proposed Plan could submit their comments, in writing, no later than July 27, 2023. The Commission received one public comment during the comment period (the "Comment Letter").

After considering the Comment Letter received on the Proposed Plan, the Commission staff, recommends that the Proposed Plan be approved without modification.

After careful consideration, the Commission concludes that the Proposed Plan should be approved without modification.

I.

A. Public Comment on the Proposed Plan

By letter dated July 27, 2023, Chicago Clearing Corporation ("Chicago Clearing"), objected to paragraph 84 of the Proposed Plan which describe the procedures relating to claims submitted by Third-Party Filers,⁶ and to paragraph 18(g), which excludes claim purchasers from the distributions.

³ See Order Appointing Fund Administrator and Setting Administrator's Bond Amount, Exchange Act Rel. No. 96981 (Feb. 24, 2023).

⁴ Exchange Act Rel. No. 97801 (June 27, 2023).

⁵ 17 C.F.R. § 201.1103.

⁶ A Third-Party Filer is defined in the Proposed Plan as "a third party, including without limitation a nominee, custodian, or an intermediary holding in street name, who is authorized to submit and submits a claim(s) on behalf of one or more Preliminary Claimants." Proposed Plan, ¶ 30.

1. Objection to Paragraph 18(g)

Chicago Clearing objects to paragraph 18(g) of the Proposed Plan, claiming that the exclusion of claim purchasers could eliminate the opportunity for many harmed investors to benefit from the Fair Fund sooner than through a distribution. Chicago Clearing requests that paragraph 18(g) be altered to clearly permit purchasers of claims to be eligible for a distribution from the Fair Fund. The Commission has previously considered a similar objection and for the reasons set forth in prior orders, concludes that paragraph 18(g) of the Proposed Plan does not require modification.

By including paragraph 18(g) in the Proposed Plan, the Commission does not take a position on investors selling their claims. Rather, the Proposed Plan specifies to whom the distribution payment will be made.

The Commission finds the payment restriction to be fair and reasonable. The purpose of a Commission plan of distribution is to distribute a fund established for the benefit of harmed investors. *See* Section 308(a) of the Sarbanes Oxley Act of 2002 (stating that, in the context of Fair Funds, a fund is “established for the benefit of victims of” federal securities law violations). The Commission believes that the best way to ensure that distribution payments are made for the benefit of investors is to correlate the harm caused by the misconduct underlying its enforcement actions to the specific investors who suffered the harm, and to compensate those investors for as much of that harm as possible from the distribution fund.

2. Objection to Paragraph 84

In its Comment Letter, Chicago Clearing requests that the Proposed Plan be revised to allow recipients of distribution payments to authorize payments to be made directly to Third-Party Filers. Chicago Clearing requests that the Proposed Plan be modified to permit Third-Party Filers to deduct their own compensation from distribution payments before remitting these payments to the harmed investors for whom the distributions are intended. Chicago Clearing requests these changes to facilitate payment for its services, claiming alternative methods of payment to be “extremely difficult, if not impossible.” Chicago Clearing asserts that Third-Party Filers help to maximize participation in distributions, and that retail investor participation in Commission’s distributions will decrease if Third-Party Filers do not participate due to the restrictions on their ability to offset their fees under the current provisions of the Proposed Plan. Chicago Clearing further states that its clients “overwhelmingly prefer” to pay for Chicago Clearing’s third-party filing services through contingency fee arrangements.⁷

The Commission has considered these comments and, for the same reasons set forth in prior orders approving the substance of the paragraph at issue, has determined that the requirements of paragraph 84 are necessary to protect the Fair Fund. *See In the Matter of Bayerische Motoren Werke Aktiengesellschaft, et al.*, Exchange Act Rel. No. 99016 (Nov. 22, 2023); *In the Matter of Baxter International Inc., et al.*, Exchange Act Rel. No. 97208 (Sept. 25, 2023); *see also In the Matter of MagnaChip Semiconductor Corporation, et al.*, Exchange Act Rel. No. 97470 (May 10, 2023) (finding plan provisions precluding the sending of payments to Third-Party Filers and the offset of Third-Party Filer compensation from distribution payments to be appropriate as a “means to protect the integrity of Commission distributions”); *see also In the Matter of The Kraft Heinz Co., et al.*, Exchange Act Rel. No. 96578 (Dec. 23, 2022) (finding plan provisions precluding the sending of payments to Third-Party

⁷ Comment Letter, p. 3. The Comment Letter is accessible at <https://www.sec.gov/comments/3-20393-494462.pdf>.

Filers and the offset of Third-Party Filer compensation from distribution payments to be “necessary to reduce risks to the Commission’s distribution program and to harmed investors”); *see also In the Matter of Wells Fargo & Company*, Exchange Act Rel. No. 90898 (Jan. 11, 2021) (approving the plan without modification, observing that provision directing payments to harmed investors as opposed to Third-Party Filers also allows alternative payment arrangements upon Commission staff consultation and harmed investor authorization, and finding the preclusion of offsets of Third-Party Filer compensation from distribution payments to be appropriate as a “means to protect the integrity of Commission distributions” that “will not significantly restrict distribution participation”). Accordingly, the Commission finds paragraph 84 of the Proposed Plan to be fair and reasonable and approves its inclusion without modification.

B. Approval of the Proposed Plan

For the reasons stated above, the Commission finds that the Proposed Plan is fair and reasonable and should be approved without modification.

II.

Accordingly, it is hereby ORDERED, pursuant to Rule 1104 of the Commission’s Rules,⁸ that the Proposed Plan is approved, and the approved Plan of Distribution shall be posted simultaneously with this order on the Commission’s website at www.sec.gov.

By the Commission.

Vanessa A. Countryman
Secretary

⁸ 17 C.F.R. § 201.1104.