

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934

Release No. 80469 / April 17, 2017

ADMINISTRATIVE PROCEEDING

File No. 3-16203

In the Matter of :

ANTHONY CORONATI :
and BIDTOASK LLC, :

ORDER APPROVING
PLAN OF DISTRIBUTION

Respondents. :

On October 17, 2014, the United States Securities and Exchange Commission (“Commission”) issued an 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 (“Order”)¹ against Anthony Coronati (“Coronati”) and Bidtoask LLC (“Bidtoask”) (collectively, “Respondents”).

According to the Order, 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. Respondents’ fraudulent scheme induced investors to invest as a result of a variety of materially false and misleading statements including but not limited to how investor funds would be invested, how Coronati would be compensated, and the value of investors’ securities positions. *See* Order passim. Investors in this matter purchased one or more of the following securities from Coronati and/or Bidtoask: (a) units in the purported Corsac Group Limited (“Corsac Fund”), a fund in the form of a limited partnership that the Commission found not to exist; (b) shares in Corsac, a corporation that purported to serve as an investment adviser to the Corsac Fund; (c) membership interests in Bidtoask, a limited liability company that purportedly would invest directly in pre-initial public offering shares in Facebook, Inc. without charging, in most cases, fees, commissions, or markups; and (d) membership interests in Bidtoask based on the false representation that Bidtoask held or would hold shares in two

¹ Securities Act Rel. No. 9666 (Oct. 17, 2014).

privately owned technology companies, Xora, Inc. and Specific Media, Inc. *See* Order at paragraphs 10-11, 18, 25, 32-33.

The Order further found that Coronati's first two fraudulent offerings were for Corsac Fund 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 March 30, 2017, Coronati has paid \$150,000.00 of the \$400,000.00 due.

On February 22, 2017, the Commission published a Notice of Proposed Plan of Distribution and Opportunity for Comment ("Notice")² pursuant to Rule 1103 of the Commission's Rules on Fair Fund and Disgorgement Plans ("Rules"), 17 C.F.R. § 201.1103. The Notice advised interested persons that they could print a copy of the Proposed Plan of Distribution ("Plan") from the Commission's public website at <http://www.sec.gov/litigation/fairfundlist.htm> or by submitting a written request to Nichola L. Timmons, Esq., United States Securities and Exchange Commission, 100 F Street, NE, Washington, DC 20549-5876.

The Notice also advised that all persons desiring to comment on the Plan could submit their comments, in writing, no later than thirty (30) days from the date of the 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 email to rule-comments@sec.gov. The Commission received no comments on the Plan during the comment period.

² Exchange Act Rel. No. 80087 (Feb. 22, 2017).

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 Fund³ is the Fair Fund, less the Reserve, and less any federal, state, or local taxes, fees or other expenses of administering the Plan.

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 will 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 Division of Enforcement now requests that the Commission approve the Plan.

Accordingly, it is hereby ORDERED, pursuant to Rule 1104 of the Rules, 17 C.F.R. § 201.1104, that the Plan is approved.

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

Brent J. Fields
Secretary

³ All capitalized terms used herein but not defined shall have the same meanings ascribed to them in the Plan.