

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 96428 / December 1, 2022

ADMINISTRATIVE PROCEEDING
File No. 3-18897

In the Matter of

Paragon Coin, Inc.,

Respondent.

ORDER APPROVING
PLAN OF DISTRIBUTION

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.

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

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).

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.

On October 3, 2022, the Division of Enforcement, pursuant to delegated authority, published a Notice of Proposed Plan of Distribution and Opportunity for Comment ("Notice"),³ pursuant to Rule 1103 of the Commission's Rules on Fair Fund and Disgorgement Plans ("Commission's Rules"),⁴ and simultaneously posted the Proposed Plan of Distribution (the "Proposed Plan"). The Notice advised interested persons that they could obtain a copy of the Proposed Plan from the Commission's public website or by submitting a written request to Keshia Ellis, 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 Proposed Plan could submit their comments, in writing, within 30 days of the Notice. The Commission received no comments on the Proposed Plan during the comment period.

The Proposed Plan provides for the distribution of the Net Available Fair Fund⁵ 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.

The Division of Enforcement now requests that the Commission approve the Proposed Plan.

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

³ Exchange Act Rel. No. 95965 (Oct. 3, 2022).

⁴ 17 C.F.R. § 201.1103.

⁵ All capitalized terms used herein but not defined shall have the same meanings ascribed to them in the Proposed Plan.

Accordingly, it is hereby ORDERED, pursuant to Rule 1104 of the Commission's Rules,⁶ 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.

For the Commission, by the Division of Enforcement, pursuant to delegated authority.⁷

Vanessa A. Countryman
Secretary

⁶ 17 C.F.R. § 201.1104.

⁷ 17 C.F.R. § 200.30-4(a)(21)(iv).