

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

In the Matter of
BitClave PTE Ltd,
Respondent.

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ADMINISTRATIVE PROCEEDING
File No. 3-19816

BITCLAVE FAIR FUND NOTICE

The United States Securities and Exchange Commission authorized this Notice.
This is not a solicitation from a lawyer.

If you purchased or otherwise acquired Consumer Activity Tokens (“CAT” or the “Security”), issued by BitClave, from July 25, 2017 through May 27, 2020, inclusive (the “Relevant Period”), you may be entitled to receive a monetary payment from the BitClave Fair Fund (“Fair Fund”).

Background

On May 28, 2020, the Commission¹ issued the Order against BitClave. In the Order, the Commission found that from June 2017 through November 2017, BitClave offered and sold securities in the form of digital tokens, known as CAT, to fund the development of a blockchain-based search platform for targeted consumer advertising. As a part of this process, BitClave conducted an initial coin offering (the “Offering”) in which it raised approximately \$25.5 million through the issuance of CAT. By their conduct, the Commission found that Respondent violated Sections 5(a) and 5(c) of the Securities Act by failing to file a registration statement as to the Offering of CAT, and sold CAT to thousands of investors. The Commission ordered the Respondent to pay a total of \$29,344,197 in disgorgement, prejudgment interest, and civil money penalties to the Commission, pursuant to a payment plan detailed therein. The Commission also created a Fair Fund, pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, so the penalty paid, along with the disgorgement and interest paid, can be distributed to harmed investors.

The Fair Fund includes \$12,000,000 paid to date by Respondent and any additional funds paid pursuant to the Order will be added to the Fair Fund. The Fair Fund has been deposited at the United States Department of the Treasury’s Bureau of the Fiscal Service (“BFS”) for investment, and any accrued interest will be for the benefit of the Fair Fund.

Plan of Allocation

This Plan of Allocation is designed to compensate investors based on their losses from a digital asset security, Consumer Activity Tokens issued by BitClave and purchased from July 25, 2017 through May 27, 2020, inclusive (the “Relevant Period”). Investors who did not purchase the Security during the Relevant Period or who are an Excluded Party are ineligible to recover under this Plan.

The Fund Administrator will calculate the amount of Recognized Loss per token purchased during the Relevant Period as follows:

- A. For each token sold prior to the close of trading on May 27, 2020, the Recognized Loss per token is the purchase price minus the sales proceeds.
- B. For each token held as of the close of trading on May 27, 2020, the Recognized Loss per token is the purchase price minus \$0.000008742² (the deemed value of the Security after the Commission issued the Order against BitClave).

Security acquired from the issuer for no monetary consideration (e.g., Security allocated as part of the bounty program and bonus Security provided in the initial coin offering) are not eligible for recovery under this Plan and shall not be included in the calculation of Recognized Loss.

If the Recognized Loss per token calculates to a negative number, reflecting a gain, the Recognized Loss per token will be \$0.00.

All prices mentioned in the calculations shall exclude all taxes, fees and commissions. Purchases and sales shall be deemed to have occurred on the “contract” or “trade” date as opposed to the “settlement” or “payment” date.

All calculations pursuant to this Plan of Allocation will be made in U.S. Dollars. Non-U.S. Dollar amounts will be converted to U.S. Dollars as of the contract or trade date. Distribution Payments will also be made in U.S. Dollars.

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

² On May 28, 2020, the day the SEC announced the action against BitClave, CAT closed at approximately \$0.000008742 per token (coincodex.com).

Fund Administration

On April 22, 2021, the Commission appointed Kurtzman Carlson Consultants, LLC (“KCC”), as the fund administrator for the Fair Fund (the “Fund Administrator”), and the Fund Administrator has obtained a bond in the amount of \$12,000,000, as ordered³. Pursuant to Rule 1105(a) of the Commission’s Rules, 17 C.F.R. § 201.1105(a), the Fund Administrator may be removed at any time by order of the Commission or hearing officer.

Fair Fund

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)(l) and shall satisfy the tax-related administrative requirements imposed by Treas. Reg. § 1.468B-2.

How to Participate

If you believe you are an Eligible Claimant and would like to participate, you must follow the enclosed instructions and complete the Proof of Claim Form included in this packet. Fill out the Proof of Claim Form completely, sign it, include copies of all required supporting documentation, and return it to the Fund Administrator’s address listed below.

Excluded Parties shall mean (a) The Respondent; (b) Present or former officers or directors of Respondent and any assigns, creditors, heirs, distributes, spouses, parents, dependent children or controlled entities of any of the forgoing Persons or entities; (c) Any employee or former employee of the Respondent or any of its affiliates who has been terminated for cause or has otherwise resigned, in connection with the conduct described in the Order; (d) Any Person who, as the Claims Bar Date, has been subject of criminal charges related to the conduct described in the Order or any related Commission action; (e) Any firm, trust, corporation, officer, or other entity in which Respondent has or had controlling interest; (f) The Fund Administrator, its employees, and those Persons assisting the Fund Administrator in its role as the Fund Administrator; (g) 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 right by gift, inheritance or device; or (h) Any person who is subject to financial sanctions by the United States as determined by Executive Orders, the authority of the Department of the Treasury’s Office of Foreign Assets Control (OFAC), or under any other applicable laws of the United States.

Deadline to Submit a Claim August 8, 2023

More Information

Website www.BitClaveFairFund.com
Write *BitClave Fair Fund*
Fund Administrator
c/o KCC Class Action Services
P.O. Box 6162
Novato, CA 94948-6162
Phone 1-888-792-0204

Investor Options for this Fair Fund

Submit a Claim The only way to get a payment from the Fair Fund.

Do Nothing Receive no payment.

Questions

This notice provides only summary information regarding the Fair Fund. We strongly recommend that you read the Corrected Plan of Distribution, including the Plan of Allocation, and other relevant case documents in their entirety for more complete details. The documents can be found at www.BitClaveFairFund.com.

If you need assistance completing the Proof of Claim Form or if you have any questions about this Fair Fund, you may obtain more information by visiting the Fair Fund website at www.BitClaveFairFund.com, by calling the dedicated toll-free number at 1-866-792-0204 or by sending an email inquiry to info@BitClaveFairFund.com.

³ See Order Appointing Fund Administrator and Setting Bond Amount, Exchange Act Rel. No. 91647 (Apr. 22, 2021) (bond amount set for \$10 million); see also Order Setting Administrator’s Bond Amount, Exchange Act Rel. No. 94391 (Mar. 8, 2022) (bond amount increased to \$12 million).

Special Notice to Brokers and Nominees

If you purchased or held Securities for the beneficial interest of a person or organization other than yourself, within fourteen (14) calendar days of receipt of this Fair Fund Notice you must either: (1) request additional copies of the Fair Fund Notice and Proof of Claim Form from the Fund Administrator, and, within fourteen (14) calendar days of receipt of such copies, send copies by first-class mail directly to beneficial owners; or (2) provide a list of the names and last known addresses of the beneficial owners (preferably in Excel format) to the Fund Administrator by email to institutions@kccllc.com or by mail to the following address:

BitClave Fair Fund
Fund Administrator
c/o KCC Class Action Services
P.O. Box 6162
Novato, CA 94948-6162

If you choose to mail the Fair Fund Notice and Proof of Claim Form yourself, you may obtain from the Fund Administrator (without cost to you) as many additional copies of these documents as you will need to complete the mailing. If you choose the second option, KCC will send a copy of the Fair Fund Notice and Proof of Claim Form to the persons and/or entities whose names and address you supply.

In either case, you may obtain reimbursement for reasonable administrative costs actually incurred in connection with forwarding the Fair Fund Notice that would not have been incurred but for the obligation to forward the Fair Fund Notice and Proof of Claim Form, upon submission of appropriate documentation to the Fund Administrator.

Regards,

KCC
Fund Administrator

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