

EXHIBIT 1

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15
16 **UNITED STATES DISTRICT COURT**
17 **CENTRAL DISTRICT OF CALIFORNIA – WESTERN DIVISION**

18 SECURITIES AND EXCHANGE
19 COMMISSION,

20 Plaintiff,

21 vs.

22 TITANIUM BLOCKCHAIN
23 INFRASTRUCTURE SERVICES,
24 INC.; EHI INTERNETWORK AND
25 SYSTEMS MANAGEMENT, INC.
26 aka EHI-INSM, INC.; and MICHAEL
27 ALAN STOLLERY aka MICHAEL
28 STOLLAIRE,

Defendants.

Case No. 18-cv-4315 DSF (JPRx)

RECEIVER’S DISTRIBUTION PLAN

Date: May 16, 2022

Time: 1:30 p.m.

Ctrm: 7D

Judge: Hon. Dale S. Fischer

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Introduction

Josias N. Dewey, the Court-appointed receiver (the “Receiver”) in the above-captioned SEC enforcement action (the “Case”), on behalf of the Receivership Entity (as defined herein), respectfully proposes the following plan (the “Plan”) for distributing the Assets of the Receivership Entity to Claimants (as defined herein), as Ordered by the Court in its Claim Procedure Order.

1 DEFINITIONS AND RULES OF INTERPRETATION

1.1 Definitions

“Administrative Expenses” means expenses or fees relating to the Receiver; the distribution hereunder; operating expenses of the Receivership Entity, Released Parties, and the Receiver's Professionals; and taxes.

“Allowed” or “Allowed Claim” means, when used with respect to a Claim: a Claim (a) as to which a Claim Form has been timely filed or otherwise accepted by the Receiver or, by an order of the Court, is not required to be filed, and (b) has been determined by the Receiver to be valid pursuant to the Claims Procedure Order.

“Allowed Amount” means the amount at which a Claim is Allowed under section 3.1 of this Plan.

“Assets” means all property wherever located in which the Receivership Entity holds a legal or equitable interest.

“Available Assets” means, on the day of a Distribution, the combined value of all Available Cash and the U.S. dollar equivalent of all Available Cryptocurrency Assets. For purposes of calculating the U.S. dollar equivalent of Available Cryptocurrency Assets, the Receiver will use the Conversion Price for each Cryptocurrency Asset on the Benchmark Date.

“Available Cash” means, on the day of a Distribution, all Cash of the Receivership Entity less the amount of Cash designated by the Receiver to be held in a Reserve Fund.

1 “Available Cryptocurrency Assets” means, on the day of a Distribution, all
2 Cryptocurrency Assets of the Receivership Entity less the amount of Cryptocurrency
3 Assets designated by the Receiver to be held in a Reserve Fund.

4 “BAR” means Titanium Bar which was TBIS’s first digital token issued between
5 November 21, 2017 and February 19, 2018. *See* Receiver’s Motion for Approval of Claims
6 Process and Bar Date (Dkt. 94).

7 “Benchmark Date” means the future date selected by the Receiver to serve as the
8 official day for calculating the Conversion Price of the Available Assets. Each Distribution
9 will have its own Benchmark Date.

10 “Blockchain” means a digital distributed ledger of transactions involving
11 cryptocurrency, virtual currency, or digital currency that is maintained by a peer-to-peer
12 network of computer nodes according to an agreed-upon protocol.

13 “Cash” means the legal tender of the United States of America or the equivalent
14 value of foreign currency once converted into legal tender of the United States of America.

15 “Causes of Action” means all actions, causes of action, liabilities, obligations,
16 rights, suits, damages, judgments, remedies, demands, setoffs, defenses, recoupments,
17 cross claims, counterclaims, third-party claims, indemnity claims, contribution claims, or
18 any other claims whatsoever, in each case held by or assigned to the Receivership Entity,
19 whether known or unknown, matured or immature, fixed or contingent, liquidated or
20 unliquidated, disputed or undisputed, suspected or unsuspected, foreseen or unforeseen,
21 direct or indirect, choate or inchoate, existing or hereafter arising, in law, equity, or
22 otherwise, based in whole or in part upon any act or omission or other event, circumstance
23 or condition occurring or existing prior to the Receivership Date or during the pendency
24 of the Case.

25 “Claim” means an alleged right to payment owed by the Receivership Entity
26 asserted in the form of a Claim Form or as otherwise allowed by the Receiver or by Court
27 order.

28 “Claimant” means a Holder of an Allowed Claim.

1 “Claim Determination Communication” means the claim determination
2 communicated by the Receiver to each Holder pursuant to the Claims Procedure Order.

3 “Claimed Address” means the Ethereum public address that the Claimant submitted
4 on their Claim Form and validated control over pursuant to the Claims Procedure Order.

5 “Claim Form” means the form used for submitting Claims as approved by the
6 Receiver in compliance with the Claims Procedure Order.

7 “Claims Procedure Order” means the Court's Order Approving Claims Process and
8 Bar Date (Dkt. 96).

9 “Class” means a category of Claims set forth in the Plan.

10 “Conversion Price” means the Cash spot price for the various Cryptocurrency
11 Assets. Such price determination shall be made at approximately 10:00 a.m. U.S. Eastern
12 Prevailing Time and obtained from any cryptocurrency exchange (e.g., Coinbase, Bittrex,
13 Binance) or any combination of exchanges that the Receiver deems, in his sole discretion,
14 appropriate to use.

15 “Cryptocurrency Assets” means the cryptocurrency, virtual currency, or other
16 digital assets controlled by the Receiver and held by the Receiver on behalf of the
17 Receivership Entity.

18 “Court” means the United States District Court for the Central District of California,
19 Western Division.

20 “Disputed” means, when used with respect to a Claim, a Claim as to which an
21 objection to the proposed Allowed Amount (as initially set forth in the Holder's Claim
22 Determination Communication) has been timely made by the Holder, has not been settled
23 by the Receiver, and has not been Allowed in whole or in part by an order of the Court.

24 “Distribution” means payment by the Receiver of Available Cash or Ether to one
25 or more Claimants on account of their Allowed Claims pursuant to the Plan.

26 “Distribution Date” means the date an Allowed Claim becomes payable in
27 accordance with this Plan pursuant to a Distribution Order, such date to be submitted to
28 the Court in a separate filing.

1 “Distribution Election” means a Writing prescribed by the Receiver, whereby the
2 Claimant selects their preferred method of Distribution. If the Claimant selects Ether, he
3 or she must provide a compatible wallet address for the Distribution; similarly, if the
4 Claimant selects Cash, he or she must fill in associated bank or mailing information. If the
5 Claimant fails to make a selection within 14 days of the date the Distribution Election is
6 sent, the default payment method will be Ether sent to the Claimant’s Claimed
7 Address[es].

8 “Distribution Motion” means a motion filed by the Receiver seeking authorization
9 to make a Distribution (including, but not limited to, the motion to approve the Plan).

10 “Distribution Notice” means a notice of a Distribution Motion (including, but not
11 limited to, the notice of the motion to approve the Plan) posted on the Receiver’s website
12 and sent to each Holder whose Claim is either Disputed or not fully paid as set forth in the
13 Plan at the time of such Distribution Motion's filing, such notice to be furnished by
14 emailing the address listed on such Holder's Claim Form or at such other email address
15 most recently provided by such Holder to the Receiver.

16 “Distribution Objection Deadline” means the date that is 15 days after a Distribution
17 Notice is sent via email.

18 “Distribution Order” means an order of the Court authorizing this Plan.

19 “Disputed Amount” means the amount of a Claim that is Disputed.

20 “Effective Date” means the date after the entry of an order approving the Plan on
21 which the Receiver declares the Plan effective by filing a notice on the docket to this Case.

22 “Ether” is the native transactional token of the public Ethereum network.

23 “Final Distribution” means the third and last Distribution made pursuant to the Plan.
24 The actual date of Distribution will be noticed to the Court in a separate filing subject to
25 the Court’s approval.

26 “Final Distribution Date” means the date designated by the Court for distributing
27 Net Remaining Funds pursuant to Section 4.4.3 of the Plan.

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1 “Forfeiture Date” means, with respect to a Distribution, the date that is 180 days
2 after the related Distribution Date.

3 “Holder” means any Person asserting a Claim.

4 “Initial Distribution” means the first Distribution made pursuant to the Plan.

5 “Initial Distribution Date” means the date of the Initial Distribution. The actual date
6 of Distribution will be noticed to the Court in a separate filing subject to its approval.

7 “Investor Claim” has the meaning ascribed in Section 2.3.2.1 of the Plan.

8 “Litigation Claims” means lawsuits filed, or to be filed, by the Receiver with respect
9 to the Causes of Action.

10 “Net Remaining Funds” means any excess Available Cash and Available
11 Cryptocurrency Assets after subtracting the Initial Distribution, Second Distribution,
12 Reserve Fund, and any other tax obligations as defined in Section 4.7 of this Plan.

13 “Net Remaining Funds Pro Rata Share” means, with respect to any Investor
14 Claimant, a number equal to the product of (a) their Pro Rata Multiplier and (b) the Net
15 Remaining Funds.

16 “Non-Investor Claims” has the meaning ascribed by Section 2.3.1.1 of the Plan.

17 “Original Form of Currency” means the Cash, cryptocurrency, virtual currency, or
18 digital currency that each Claimant originally paid to the Receivership Entity. For
19 example, the Original Form of Currency of a Claimant who paid Ether to the Receivership
20 Entity is Ether.

21 “Opportunity Cost” means the difference between the spot price to exchange the
22 Original Form of Currency for Cash at the time of the Investor Claimant’s investment and
23 the Benchmark Date for the Final Distribution.

24 “Person” means any foreign or domestic person, including without limitation, any
25 individual, entity, corporation, partnership, limited liability company, limited liability
26 partnership, joint venture, association, joint stock company, estate, trust, unincorporated
27 association or organization, official committee, ad hoc committee or group, governmental
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1 agency or political subdivision thereof, and any successors or assigns of any of the
2 foregoing.

3 “Prohibited Persons List” means the sanctions list published by the Office of
4 Foreign Assets Control of the U.S. Department of the Treasury, which designates
5 sanctioned persons and cryptocurrency wallet addresses.

6 “Pro Rata Multiplier” means, with respect to any Distribution to any Class of
7 Claimants, the quotient of (a) the amount of Available Assets to be distributed to
8 Claimants in such Class in accordance with the Plan divided by (b) the aggregate Allowed
9 Amount of Claims in such Class on the Distribution Date. For purposes of calculating the
10 U.S. dollar equivalent of the Available Assets, the Receiver will use the Conversion Price
11 on the Benchmark Date.

12 “Pro Rata Share” means, with respect to any Distribution to any Class of Claimants,
13 a number equal to the product of (a) the Pro Rata Multiplier and (b) the Allowed Amount
14 of such Claimant's Claim.

15 “Receivership Date” means May 30, 2018.

16 “Receivership Entity” means Titanium Blockchain Infrastructure Services, Inc.
17 (“TBIS”) and its affiliates as set forth in the Receivership Order.

18 “Receivership Order” means the Court’s May 30, 2018 Order appointing Josias N.
19 Dewey as the receiver of the Receivership Entity (the “Permanent Receivership Order”)
20 (Dkt. 48).

21 “Released Parties or Receiver's Professionals” means the Receiver, Holland &
22 Knight LLP, and all other advisors and professionals retained by the Receiver after the
23 Receivership Date in accordance with the Receivership Order.

24 “Reserve Fund” means the funds held by the Receiver as a reserve as required by
25 Section 3.3 of the Plan.

26 “SEC” means the United States Securities and Exchange Commission.

27 “Second Distribution” means the second Distribution made pursuant to the Plan.
28

1 “Second Distribution Date” means the date of the Second Distribution. The actual
2 date of Distribution will be noticed to the Court in a separate filing subject to its approval.

3 “TBAR” means a second virtual token issued by TBIS after the theft of TBIS
4 controlled BAR tokens by an unidentified party. *See* Receiver’s Motion for Approval of
5 Claims Process and Bar Date (Dkt. 94).

6 “Writing” means written communication transmitted by one or more means
7 prescribed in, and in accordance with, Section 6.3 of the Plan.

8 **1.2 Rules of Interpretation**

9 For purposes of the Plan, unless otherwise provided herein: (a) whenever from the
10 context it is appropriate, each term, whether stated in the singular or the plural, shall
11 include both the singular and the plural; (b) any reference in the Plan to an existing
12 document or Exhibit filed or to be filed means such document or Exhibit, as it may have
13 been or may be amended, modified or supplemented pursuant to the Plan or the order
14 approving the Plan; (c) unless expressly stated otherwise, any reference to an entity as a
15 holder of a Claim or interest includes that entity's successors, assigns and affiliates; (d)
16 the words “herein,” “hereunder” and “hereto” refer to the Plan in its entirety rather than
17 to a particular portion of the Plan; (e) the words "includes" or "including" are not limiting;
18 and (f) captions and headings to Articles and Sections are inserted for convenience of
19 reference only and are not intended to be a part of or to affect the interpretation of the
20 Plan.

21 In computing any period of time prescribed or allowed by the Plan, the provisions
22 of Federal Rule of Civil Procedure 6(a) shall apply.

23 **2 CLASSIFICATION AND TREATMENT OF CLAIMS AGAINST THE** 24 **RECEIVERSHIP ENTITY**

25 **2.1 Classification of Claims Generally.** The two Classes of Claims
26 contemplated by the Plan are (i) Non-Investor Claims, and (ii) Investor Claims. A Claim
27 is placed in a particular Class for the purpose of receiving Distributions only to the extent
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1 that such Claim is an Allowed Claim in that Class and such Claim has not been paid,
2 released, withdrawn, or otherwise settled prior to the Effective Date.

3 **2.2 Amounts Owed to Receiver and Receiver's Professionals.** Amounts owed
4 to the Receiver or the Receiver's professionals shall be paid pursuant to the provisions of
5 the Receivership Order and not pursuant to the provisions of the Plan; however, such
6 amounts may be paid from the Reserves established by Section 3.3 of this Plan as expenses
7 of the Receivership Entity.

8 **2.3 Classes.** The Claims against the Receivership Entity shall be classified and
9 treated as follows:

10 **Class 1: Non-Investor Claims.**

11 **2.3.1 Definition.** Claims for vendors, service providers, employees,
12 creditors, and other Claimants who filed Claims against the Receivership Entity, unrelated
13 to investments in BAR or TBAR.

14 **2.3.2 Treatment.** Each Allowed Non-Investor Claim shall receive, on the
15 Initial Distribution Date, in full satisfaction and release of and in exchange for such
16 Claimant's Claim(s): (a) payment from Available Cash in an amount equal to the unpaid
17 portion of such Non-Investor Claims or (b) such other, less favorable treatment that the
18 Receiver and such Claimant shall have agreed upon in a Writing. This Initial Distribution
19 will fully satisfy outstanding Non-Investor Claims.

20 **Class 2: Investor Claims.**

21 **2.3.3 Definition.** This group of Claimants consists of two Classes of
22 Persons: (1) those who purchased BAR or TBAR directly from TBIS or its agents, and (2)
23 those who purchased BAR or TBAR from someone other than TBIS or its agents.

24 **2.3.4 Treatment.** After payment in full of Administrative Expenses and the
25 Allowed Amounts of all Non-Investor Claims, each Investor Claimant shall receive, on
26 the Second Distribution Date, in full satisfaction and release of and in exchange for such
27 Claimant's Allowed Claim(s): (a) a *Pro Rata* Share of the Claimant's Allowed Amount, or
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1 (b) such other, less favorable treatment that the Receiver and such Claimant shall have
2 agreed upon in a Writing.

3 **3 MEANS OF IMPLEMENTATION OF THE PLAN**

4 **3.1 Calculation of Allowed Amount.** The Receiver’s Claims’ review focused
5 on establishing the principal amount of each Claim, without regard to interest,
6 consequential damages or profits that may have been lost. To calculate the proposed
7 Allowed Amount of each Claim, the Receiver considered the net harm to each Claimant
8 as determined on a money-in/money-out basis (or net investment). For Non-Investor
9 Claims, the Allowed Amount was calculated as the actual amount spent on goods or
10 services provided to the Receivership Entity, minus any collections or payments on that
11 debt. For Investor Claims, the Allowed Amount was calculated as the Claimant’s principal
12 amount investment in BAR or TBAR (minus) any subsequent sales of BAR or TBAR,
13 evaluated on a first-in/first-out basis. To standardize Allowed Amounts across the Original
14 Forms of Currency, the principal investment amount was calculated as the spot price to
15 exchange the Original Form of Currency for Cash at the time of the investment, as
16 determined by the Receiver. The same was done for any subsequent sales. The Cash
17 investment amount was confirmed by historical price data.

18 **3.2 Distribution of Assets.** The Assets shall be used to fund all Distributions and
19 Administrative Expenses. Distributions shall be made to Claimants solely in either Cash
20 or Ether. The Receiver will send a Distribution Election to each Claimant asking for their
21 preferred form of Distribution. There will be three (3) Distributions in accordance with
22 Section 4 of the Plan.

23 **3.3 Reserve Fund.** The Receiver shall hold Assets in one or more Reserve
24 Fund(s) in an amount deemed sufficient, in his reasonable judgment, to pay each Holder
25 of a Disputed Claim (a) the Distribution that such Holder would receive under the Plan if
26 its Claim were Allowed in the alleged amount, or (b) such lesser amount as the Court may
27 estimate or otherwise Order. The Reserve shall also contain Assets sufficient to pay the
28 amount of: (i) incurred and projected Administrative Expenses and (ii) any other matters

1 for which, in the Receiver’s reasonable judgment, it is prudent to reserve. The Receiver
2 may, in his reasonable judgment, reduce the amount of Assets in the Reserve Funds from
3 time to time to the extent he determines that there is no longer a need to reserve.

4 **3.4 Plan Settlement.** The Plan incorporates a proposed compromise and
5 settlement of numerous issues involving the Receivership Entity, Claimants, and Holders
6 and is designed to achieve a fair and equitable economic resolution of the Assets, including
7 but not limited to a resolution of all Claims against the Receivership Entity. This
8 settlement and compromise further includes, without limitation, the ownership and rights
9 of the Receivership Entity with respect to certain assets, the responsibilities of the
10 Receivership Entity to maintain and/or effectuate an orderly liquidation of certain assets
11 and investments, and the potential distribution of proceeds that may arise from the
12 Litigation Claims. In consideration for the classification of Claims, Distributions, releases,
13 and other benefits provided under the Plan, upon the Effective Date, the Plan shall
14 constitute a good faith compromise and settlement of all Claims against, interests in, and
15 disputes with the Receivership Entity.

16 **3.5 Effectuating Documents; Further Transactions.** On and after the Effective
17 Date, the Receiver is authorized to and may, in the name of and on behalf of the
18 Receivership Entity, take such actions as may be necessary or appropriate to effectuate,
19 implement, and further evidence the terms and conditions of the Plan, without the need
20 for any approvals, authorization, or consents except for those expressly required pursuant
21 to the Plan.

22 **3.6 Preservation of Causes of Action.** The Receiver shall retain and may
23 enforce, in his sole discretion, all rights to commence and pursue any and all Causes of
24 Action, whether arising before or after the Receivership Date, including, but not limited
25 to, those related to the Litigation Claims, and the Receiver's rights to commence,
26 prosecute, or settle such Causes of Action shall be preserved notwithstanding Court
27 approval of the Plan or the occurrence of the Effective Date. The Receiver's actions shall
28 be taken in accordance with the Receivership Order and in the best interests of the

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1 Receivership Entity. No Person may rely on the absence of a specific reference in the
2 Plan to any Cause of Action against such Person as any indication that the Receiver will
3 not pursue any and all available Causes of Action against such Person, and, therefore, no
4 preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue
5 preclusion, claim preclusion, estoppel (judicial, equitable or otherwise), or laches, shall
6 apply to Causes of Action upon, after, or as a consequence of the Court's approval of the
7 Plan or the occurrence of the Effective Date.

8 **4 METHOD OF DISTRIBUTION UNDER THE PLAN**

9 **4.1 Procedure for Distributions.** On behalf of the Receivership Entity and in
10 satisfaction of all Claims against the Receivership Entity, the Receiver shall make or cause
11 to be made the Distributions required under the Plan to all Claimants by the following
12 means:

13 **4.1.1 Ether Distribution Election.** For each Claimant who elected to
14 receive Ether or failed to timely submit a Distribution Election, by either (a) sending Ether
15 to an Ethereum wallet address provided by the Claimant in the Distribution Election, or
16 (b) any other means of effecting transfer of the Ether to the Claimant, *provided, however,*
17 that the transaction shall be completed as soon as the transfer is made by the Receiver
18 regardless of how long it takes for the transaction to be confirmed on the Blockchain that
19 corresponds to the Cryptocurrency Asset.

20 **4.1.2 Cash Distribution Election.** For each Claimant who elected to receive
21 Cash, by either (a) sending a wire transfer to an account and routing number or (b) mailing
22 a check to the address provided on the Distribution Election, at the discretion of the
23 Receiver.

24 **4.1.3 Distribution Conditions.** No Distribution shall be made to any
25 Claimant until the Receiver has confirmed that such Claimant does not appear on any
26 Prohibited Persons List and until such Claimant has satisfied any applicable distribution
27 condition set forth in the Plan, the Claims Procedure Order, or any other agreement such
28 Claimant may have with the Receiver. No Distribution shall be made to any Claimant who

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1 has challenged or appealed the Court's order approving the Plan until such appeal has been
2 finally resolved.

3 **4.2 No Liability for Errors in Wallet Addresses.** Both the Receiver and its
4 Released Professionals shall not bear any liability for Distributions made according to
5 wallet addresses that contain errors made by a Claimant.

6 **4.3 Distributions Made Exclusively to Original Claimant.** Unless determined
7 otherwise by the Receiver for good cause show, Distributions under the Plan shall be made
8 exclusively to the original Claimant and the Receiver shall not be responsible for ensuring
9 that Distributions are paid to any Claimant's assignee or designee.

10 **4.4 Timing of Distributions.** The Receiver shall make Distributions under the
11 Plan as provided in this Section 4.4.

12 **4.4.1 Initial Distribution.** The Receiver shall make the Initial Distribution
13 on the Initial Distribution Date, following an entry of an order approving this Plan. The
14 Initial Distribution shall consist of Cash or Ether to be paid to the Non-Investor Class as
15 provided in Articles II and III of the Plan.

16 **4.4.2 Second Distribution.** After completion of the Initial Distribution, the
17 Receiver shall file a Distribution Motion (a) seeking a Distribution Order establishing a
18 Second Distribution Date; and (b) furnishing a Distribution Notice to include the
19 Distribution Objection Deadline and an allocation stating the proposed Allowed Amount,
20 classification, Conversion Price, Benchmark Date, and proposed Distribution on account
21 of each Investor Claim, further including a statement of payments made to each Claimant
22 in prior Distributions. On the Second Distribution Date, the Receiver shall distribute all
23 remaining Available Assets as provided in Articles II and III of the Plan to the Claimants
24 in Classes 1 and 2 whose Claims were Allowed before and as of the Final Distribution
25 Date, less the Reserve Fund as defined by Section 3.3 of the Plan.

26 **4.4.3 Final Distribution.** The third and Final Distribution will be comprised
27 of the Net Remaining Funds and will be made to the Investor Claimants who have not
28 forfeited their prior Distribution pursuant to Sections 4.8 and 4.9. This Distribution will

1 compensate each such Investor Claimant for the remainder of their Allowed Claim, if any,
2 plus their Net Remaining Funds Pro Rata Share. If the Net Remaining Fund is insufficient
3 to fully compensate each such Investor Claimant, each Investor Claimant will receive an
4 equitable amount based on their Net Remaining Funds Pro Rata Share. The total
5 Distributions paid to an Investor Claimant shall not exceed the sum of their Allowed
6 Amount plus their Opportunity Cost.

7 **4.4.4 Objections to Distribution Motions.** Holders may object to a
8 Distribution Motion on the grounds that the proposed Distribution violates the Plan or the
9 Claims Procedure Order, but may not object to the methodology for calculating the
10 Allowed Amount or classification of Claims under the Plan or the Claims Procedure
11 Order.

12 **4.5 Remnant Assets.** Except as otherwise ordered by the Court on motion by the
13 Receiver, to the extent Assets remain after (a) making all required Distributions under the
14 Plan; (b) paying all Allowed Claims in full, including Opportunity Cost as set forth in
15 Section 4.4.3; (c) all Disputed Claims are resolved, and as appropriate, paid in full,
16 including Opportunity Cost as set forth in Section 4.4.3; (d) paying all Administrative
17 Costs, including fees and expenses owed to the Receiver and his professionals pursuant to
18 the Receiver Order; the Receiver may use any remaining Assets to satisfy any civil penalty
19 ordered in the captioned civil action. Thereafter, any Assets remaining shall be assigned
20 to or (if feasible) converted to Cash and deposited with the Treasurer of the United States
21 or a designated depository, in the name and to the credit of the Court pursuant to 28 U.S.C.
22 § 2041, for holding pending further Court order.

23 **4.6 Delivery of Distributions.** If a Distribution to any Claimant is returned as
24 undeliverable, the Receiver may, at his sole discretion, use reasonable efforts to determine
25 the current address of such Claimant. Notwithstanding the foregoing, undeliverable
26 Distributions shall be held by the Receiver subject to Sections 4.8 and 4.9.

27 **4.7 Taxes.** The Receiver’s tax professional will administer any tax related
28 matters associated with the Receivership Entity. Any required taxes will be held by the

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1 Receiver in the Reserve Fund and distributed in accordance with the Receiver’s tax
2 professional’s instructions. The Receiver, his tax professional, and the Released Parties or
3 Receiver's Professionals will not provide tax advice to Claimants. The tax consequences
4 of a Distribution may vary depending on each Claimant’s individual circumstances;
5 therefore, each Claimant is encouraged to seek independent tax advice in order to confirm
6 they are complying with all international, federal, state, and local tax requirements.

7 **4.8 Unclaimed Property.** Any Claimant who fails to claim any Distribution by
8 the Forfeiture Date shall forfeit their eligibility for the Distribution, and all forfeited assets
9 shall remain as Assets for disposition in accordance with Section 4.9. For the avoidance
10 of doubt, failure to negotiate prior to the Forfeiture Date a check or other negotiable
11 instrument sent in satisfaction of the Receiver's obligations under this Plan shall invoke
12 the operation of this Section 4.8, *provided, however*, that Claimants may submit a Writing
13 to the Receiver requesting reissuance of a Distribution check within 180 days of the
14 original issue date.

15 **4.9 Forfeited Property.** Upon forfeiture of a Distribution in accordance with
16 Section 4.8, such Unclaimed Property shall be added to the Available Assets and
17 redistributed in accordance with the Plan. Nothing herein shall require further efforts to
18 attempt to locate or notify any Person with respect to any forfeited property.

19 **4.10 No Distributions Pending Allowance.** If a Claim or any portion of a Claim
20 is Disputed, no Distribution or other payment will be made on account of such Claim
21 unless and until such Disputed Claim becomes an Allowed Claim.

22 **4.11 No Interest on Claims.** Except as provided in Section 4.4.3. above, no
23 interest, fees, or profit shall accrue or be paid on or in connection with any Claim, and no
24 Claimant shall be eligible to receive interest or profit during the period following the
25 Receivership Date in connection with any such Claim.

26 **5 EFFECT OF APPROVAL OF THE PLAN**

27 **5.1 Satisfaction of the Claims Against the Receivership Entity.** Except as
28 otherwise expressly provided in the Plan, the Court’s approval of the Plan shall, as of the

1 Effective Date: (a) discharge the Receivership Entity from all Claims, demands, liabilities,
2 other debts, interests and other obligations that arose on or before the Effective Date,
3 whether or not (i) a Claim based on any such obligation is filed or deemed filed; (ii) a
4 Claim based on any such obligation is Allowed; or (iii) a Holder or Claimant has objected
5 to the Plan; and (b) preclude all Persons from asserting against the Receivership Entity
6 any other or further Claims or interests based upon any act or omission, transaction, or
7 other activity of any kind or nature that occurred prior to the Effective Date.

8 **5.2 Releases.** Except as otherwise provided in the Plan, as of the Effective Date
9 and for good and valuable consideration, the adequacy of which is hereby confirmed, and
10 except as may be otherwise ordered by the Court, all Holders shall be deemed to have
11 released and forever waived and discharged the Released Parties from all claims,
12 obligations, suits, judgments, damages, demands, debts, rights, causes of action, and
13 liabilities, whether liquidated or unliquidated, fixed or contingent, matured or immature,
14 known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law,
15 equity, or otherwise, that are based in whole or part on any act, omission, transaction,
16 event, or other occurrence in any way relating to the Receivership Entity, the Plan, the
17 purchase, sale, or rescission of the purchase or sale of any security, cryptocurrency, virtual
18 currency, digital asset, or any other asset of any kind belonging to or issued or sold by the
19 Receivership Entity, the subject matter of, or the transactions or events giving rise to, any
20 Claim or interest that is treated in the Plan, the business or contractual arrangements
21 between the Receivership Entity and any Released Party, the negotiations, formulation, or
22 preparation of the Plan or related agreements, instruments, or other documents, or upon
23 any other act or omission, transaction, agreement, event, or other occurrence that could
24 have been asserted by or on behalf of such Holders against the Released Party, other than
25 Claims or liabilities arising out of or relating to any act or omission of a Released Party
26 that constitutes willful misconduct or gross negligence.

27 **5.3 Cancellation of Securities and Agreements.** Except for the obligations set
28 forth in the Plan, the following shall be released and cancelled and the Receivership Entity

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Los Angeles, CA 90071
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Fax: 213.896.2450

1 shall have no continuing liabilities or obligations therefor: (a) all rights to payment owing
2 or assertable against the Receivership Entity, whether arising under any certificate,
3 interest, share, note, bond, indenture, purchase right, option, warrant, smart contract,
4 cryptocurrency, digital asset, or other instrument or document, evidencing or creating,
5 directly or indirectly, any indebtedness or obligation of or ownership interest in the
6 Receivership Entity, or otherwise; and (b) all rights to payment owing or assertable against
7 the Receivership Entity pursuant, relating, or pertaining to any agreements, indentures,
8 certificates of designation, bylaws, or certificate or articles of incorporation, formation or
9 similar documents governing the shares, certificates, notes, bonds, indentures,
10 purchase rights, options, warrants, smart contract, cryptocurrency, digital asset, other
11 instruments or documents evidencing or creating any indebtedness or obligation of, or
12 ownership interest in, the Receivership Entity, or otherwise.

13 **5.4 Binding Effect.** The Plan shall be binding upon, and inure to the benefit of,
14 the Receivership Entity, Holders, parties in interest and their respective successors and
15 assigns, whether or not such Persons are eligible to receive any Distribution under the
16 Plan.

17 **5.5 Receivership Order Not Superseded.** To the extent there is any conflict
18 between the terms of the Plan and the Receivership Order, the Plan shall control only to
19 the extent necessary to effectuate the Distribution scheme set forth herein.

20 **5.6 SEC Actions Unaffected by the Plan.** Notwithstanding anything in this
21 Article V or any other provision of the Plan, nothing in the Plan shall discharge, waive,
22 settle, release or preclude any current or future legal action or claim that has been or may
23 be brought by the SEC.

24 **6 MISCELLANEOUS PROVISIONS**

25 **6.1 Amendment or Modification of the Plan.** The Receiver may propose
26 written modifications to the Plan at any time, with such modifications becoming effective
27 only upon Court approval.

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1 **6.2 Governing Law.** Except to the extent that federal law is applicable or the
2 Plan provides otherwise, the rights and obligations arising under the Plan shall be
3 governed by, and construed and enforced in accordance with, the laws of the State of
4 California without giving effect to its conflict of law principles. Notwithstanding entry of
5 a Court order approving the Plan or the occurrence of the Effective Date, the Court shall
6 retain exclusive jurisdiction to hear and determine all disputes arising from the
7 interpretation or implementation of this Plan and all actions taken pursuant to the Plan.

8 **6.3 Notices.** Except as otherwise expressly provided herein, any notice required
9 or permitted to be provided under the Plan shall be in writing and served by either (a)
10 certified mail, return receipt requested, postage prepaid, (b) hand delivery, (c) overnight
11 delivery service, charges prepaid; (d) email; or (e) by docketing on the Court's Electronic
12 Case Files (ECF) system. If to the Receivership Entity, any such notice shall be directed
13 to the following:

14 Kristina S. Azlin
 HOLLAND & KNIGHT LLP
 400 South Hope Street, 8th Floor
 Los Angeles, California 90071
 kristina.azlin@hklaw.com

17 -- with copies to --

18 Jose A. Casal
 HOLLAND & KNIGHT LLP
 701 Brickell Avenue, Suite 3300
 Miami, Florida 33131
 jose.casal@hklaw.com

22 **6.4 No Admissions.** As to causes of action or threatened causes of action,
23 nothing in the Plan shall constitute or be construed as an admission of any fact or liability,
24 stipulation, or waiver, but rather as a statement made in settlement negotiations. The Plan
25 shall not be construed to constitute advice on the tax, securities, and other legal effects of
26 the Plan as to Holders of Claims against, or interests in, the Receivership Entity or any of
27 its subsidiaries or affiliates.

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