



UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
ONE PENN CENTER
1617 JFK BLVD., STE. 520
PHILADELPHIA, PA 19103

February 17, 2022

Via ECF and UPS Overnight

Hon. Carol Bagley Amon
United States District Court
Eastern District of NY
225 Cadman Plaza East
Brooklyn, NY 11201

Re: *SEC v. PlexCorps a/k/a and d/b/a PlexCoin and Sidepay.ca, et al.*,
No. 17 Civ. 7007 (CBA) (the "Civil Action")

Dear Judge Amon:

Pursuant to Practice 3.A. of the Individual Motion Practices and Rules of Judge Carol Bagley Amon, the Plaintiff Securities and Exchange Commission ("SEC") respectfully requests that the Court schedule a pre-motion conference at which the SEC will seek an Order to Show Cause, in substantially the form attached as Exhibit A, why the approximately \$1.4 million in disgorgement, prejudgment interest, and civil penalties collected on the final judgment in this action, plus any additional collections,¹ net any amounts reserved for payment of taxes and the Tax Administrator (collectively, the "PlexCorps Fair Fund"), should not be transferred to the Receiver appointed in the related action pending in Superior Court in Quebec, Canada (the "Canadian Proceedings")² for distribution to harmed investors pursuant to the plan of distribution described below.

I. Background

As the Court is aware, a Receiver has been appointed in the Canadian Proceedings to collect and administer certain assets of, or controlled by, defendant Dominic Lacroix ("Lacroix"), referenced herein as the "Canadian Estate." On May 7, 2021, the Superior Court approved a claims procedure order for the acceptance and processing of claims against the Canadian Estate and, if transferred, the PlexCorps Fair Fund (the "Claims Order"); and on January 31, 2022, the Superior Court approved two distribution plans, one for the Canadian

¹ Among other possible collections, the SEC has filed a claim with the Receiver for the outstanding balance on the Final Judgment. In anticipation of some payment on that claim pursuant to the Canadian Plan described below and any collections that might otherwise be made, the proposed order includes future collections in the funds that would be sent to the Receiver for distribution.

² *AUTORITÉS DES MARCHÉS FINANCIERS v. DOMINIC LACROIX, et al.*, No.: 200-11-025040-182, Superior Court, Quebec, Canada.

Receivership Estate (the “Canadian Plan”), and one for the PlexCorps Fair Fund, if and when it is sent to the Receiver (the “US Plan”) (collectively, the “Plans”). The Superior Court found that the Plans are “fair and reasonable,” the same standard used by U.S. courts.³ *See Official Comm. Of Unsecured Creditors of WorldCom, Inc. v. SEC*, 467 F.3d 73, 84 (2d Cir. 2006). For the reasons stated below, the SEC believes that distribution of the PlexCorps Fair Fund by the Receiver pursuant to the U.S. Plan is in the best interest of harmed investors.

The Claims Order and the Plans. The SEC staff has worked with the Receiver to ensure that the Claims Order and the Plans include the substance and protections that the SEC would seek in an independent distribution process. The “claims” sought under the Claims Order include, in relevant part, all claims relating to the acquisition of PlexCoin through its initial coin offering (the “Investor Claimants”), the same pool of claimants that the SEC would include in an independent distribution. Claims Order ¶ 8(d). Claims were made through the Receiver’s public website, although those who could not do so could make a request to the Receiver for an accommodation. *Id.* ¶ 15, and Schedule C (Proof of Claim) ¶ 5. Investor Claimants were allowed approximately ninety days to submit a claim. *Id.*, ¶ 8.e. By way of procedure, the Claims Order required the Receiver to notify claimants of their ineligibility or claim deficiency and provided a period for curing claims that would otherwise be disallowed. *Id.* ¶ 16(b). It also provided procedures for claimants to appeal the Receiver’s final claim determination. *Id.* ¶¶ 16(c)-(f). Notice of the Claims Order was published in multiple forms of media, including the Receiver’s website; the Montreal Gazette; on certain websites; on the QAMF and SEC websites, and through direct correspondence to known creditors, including investors who had contacted the SEC. *Id.* ¶¶ 11, 12.

The Plans. As with the claims process, the Plans include the substance and investor protections that the SEC would include in an independent distribution. Notably, the U.S. Plan provides for the distribution of *the entirety* of the PlexCorps Fair Fund to Investor Claimants; no distribution fees or expenses will be taken from the PlexCorps Fair Fund. Rather, all fees and expenses will be paid by the Canadian Estate. U.S. Plan ¶¶ 1.1.35, 1.1.41, 2.6, 4.2. In contrast, any independent distribution by the SEC would offset distribution costs from the PlexCorps Fair Fund. Thus, Investor Claimants will receive more if the Receiver distributes the PlexCorps Fair Fund. Claimants eligible under the U.S. Plan are limited to investors who purchased PlexCoin for value through the PlexCoin ICO and there is no minimum claim amount. *Id.* ¶¶ 1.1.35, 2.3. Claims allowed by the Receiver (“Proven Claims”) will be calculated as the value of the consideration paid for PlexCoin, plus interest; Investor Claimants with Proven Claims will receive a *pro rata* share of the PlexCorps Fair Fund. *Id.* ¶¶ 2.6, 3.1. Prior to the calculation, claims made in U.S. dollars will be converted into Canadian dollars using a conversion rate as of the time of the investment underlying the claim; distribution payments on Proven Claims for investments made in U.S. dollars will be converted back to, and paid in, U.S. dollars at the time of payment. *Id.* ¶¶ 1.1.12, 2.6, 3.1. Upon completion of all distributions under the U.S. Plan and a determination that remaining funds cannot be distributed to Investor Claimants, the residual will be returned to the SEC for disposition in accordance with Court Order. *Id.* ¶ 2.6.

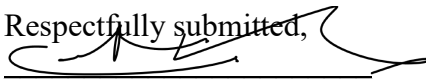
³ January 31, 2022 Order, ¶ 10. Links to English translations of the January 31, 2022 Superior Court Order, the Claims Order, and the Plans are located on the SEC’s public webpage for this matter (<https://www.sec.gov/divisions/enforce/claims/plexcorps.htm>); copies will be provided to the Court upon request. .

The Canadian Plan governs the disposition of the Receivership Estate to all of defendant Lacroix's creditors, including Investor Claimants. Canadian Plan ¶1.1.34. In relevant part, Proven Claims of Investor Claimants will be calculated as under the U.S. Plan except that they will be reduced by amounts that Investor Claimants received or will receive under the U.S. Plan. *Id.* ¶¶ 2.4, 3.2. All fees and expenses of the Receivership will be paid through the Canadian Plan, from the Canadian Estate. *Id.* ¶¶ 1.1.40, 4.2.

II. An Order to Show Cause Should Issue to Confirm No Remaining Investor Concerns

Because the Claims Order and the Plans are substantively similar to that which the SEC would propose in an independent distribution, and the PlexCorps Fair Fund will not be reduced by costs and expenses if distributed by the Receiver pursuant to the U.S. Plan, the SEC believes transferring the PlexCorps Fair Fund to the Receiver to be in the best interests of harmed investors. On November 20, 2019, the SEC sent notice to more than 91,000 possible harmed investors of its intent to propose to the Court that the PlexCorps Fair Fund be sent to the Receiver for distribution, soliciting objections (the "Notice").⁴ The SEC received two objections in response to the Notice, and one investor sent an objection directly to the Court (D.E. 117). The SEC believes that the concerns raised in those objections -- losses from distribution payments made in Canadian dollars, the offset of the Receiver's costs and expenses from the PlexCorps Fair Fund, and exclusion of claims less than \$250 (Canadian dollars) have been addressed in the Plans.⁵ The SEC requests the issuance of an Order to Show Cause in the form attached to confirm this belief. The proposed order provides for its publication on the SEC webpage and the Receivership website,⁶ both of which were identified in the Notice; the Court's ECF system; and a copy sent to the three investors who previously objected. Insofar as the PlexCorps Fair Fund holds cash assets, there is no risk of asset value fluctuation in the thirty day objection period. Upon completion of the steps set forth in the Order, if no objections are timely submitted, the SEC will file a notice so advising the Court, accompanied by a proposed Order approving the transfer. If objections are timely received, the SEC shall file them, with sensitive information redacted, together with its response, with copies of its response served by electronic, First Class, or Overnight Mail upon any objecting entity.

Counsel for the SEC has met and conferred with Defendants' counsel in the United States and counsel has stated that the defendants take no position on the Motion. We look forward to discussing the Motion with the Court at a pre-motion conference.

Respectfully submitted,


Catherine E. Pappas (*Pro Hac*, Order granting D.E. 119)

Encls: Exhibit A (proposed Order), Exhibit B (Local Rule 6.1 Declaration)
cc: Defendants' Counsel (via ECF Notice)

⁴ A copy of the Notice is available at the following website and will be provided to the Court upon request: <https://www.sec.gov/divisions/enforce/claims/plexcorps-investor-notice-distribution-plan.pdf>.

⁵ There is no minimum claim amount; investments in U.S. dollars will be paid in U.S. dollars, *see* U.S. Plan ¶2.6; and there will be no fee and expense offset in U.S. Plan, *Id.* ¶ 1.1.35.

⁶ <https://www.sec.gov/divisions/enforce/claims/plexcorps.htm> and <https://www.raymondchabot.com/en/companies/public-records/dominic-lacroix-2/>, respectively.

Exhibit A
(Proposed Order to Show Cause)

**UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK**

**SECURITIES AND EXCHANGE COMMISSION,
Plaintiff,**

v.

**PLEXCORPS
(a/k/a and d/b/a PLEXCOIN and SIDEPAY.CA),
DOMINIC LACROIX, and
SABRINA PARADIS-ROYER,
Defendants.**

17 Civ. 7007 (CBA) (RML)

**(Proposed) Order to Show
Cause**

The Court having considered the Motion of the Securities and Exchange Commission (the “SEC”) for an Order to Show Cause why the Court should not transfer collections on the final judgment entered in this matter (the “PlexCorps Fair Fund”) to the Receiver appointed in *AUTORITÉS DES MARCHÉS FINANCIERS v. DOMINIC LACROIX, et al.*, No.: 200-11-025040-182, Superior Court, Quebec, Canada (the “Canadian Proceeding”) for distribution pursuant to the approved plan in the Canadian Proceeding (the “U.S. Plan”);

And the SEC having represented to the Court that notice of this possible disposition was previously provided to investors by SEC on or about November 20, 2019, along with an opportunity to object and identification of both the SEC webpage for this matter and the Receiver’s website for the Canadian Proceeding (the “Notice”), as further described in its January 2, 2020 status report to the Court (D.E. 118);

And English translations of the plans by which the Receiver will distribute the PlexCorps Fair Fund (the “U.S. Plan”) and the Canadian Receivership Estate (the “Canadian Plan”) (collectively, the “Plans”) being publicly available on the SEC website at:

<https://www.sec.gov/divisions/enforce/claims/plexcorps.htm>;

And the Defendants taking no position with respect to the Motion;

And for good cause shown,

IT IS HEREBY ORDERED that the Motion is **GRANTED**.

I.

IT IS FURTHER ORDERED THAT within three business days of the issuance of this Order, the SEC shall:

- (1) publish this Order on the SEC webpage established for this case:

<https://www.sec.gov/divisions/enforce/claims/plexcorps.htm> (the “SEC Webpage”);

- (2) provide this Order to the Receiver for publication on its website for the Canadian Proceeding, along with English translations of the Plans:

<https://www.raymondchabot.com/en/companies/public-records/dominic-lacroix-2/> (the “Receiver’s Website”); and

- (3) Send a copy of this Order to the investors who previously objected to distribution through the Receiver in correspondence to the SEC or the Court.

Publication as described, along with the publication of this Order through the Court’s ECF system, and the November 20, 2019 dissemination of the Notice, shall constitute and suffice as notice of the proposed disposition of the PlexCorps Fair Fund and the opportunity to object to interested parties.

II.

IT IS FURTHER ORDERED THAT individuals and entities who purchased PlexCoin tokens through its initial coin offering (“Potential Claimant”) shall show cause, if there is any, why this Court should not enter an Order approving the proposed transfer of the PlexCorps Fair

Fund to the Receiver for distribution pursuant to the U.S. Plan. Objections shall be made by correspondence **received by the SEC no later than 11:59 p.m. EST within thirty days of this Order (the “Objection Due Date”)**, at the following electronic mail address:

ENF-SEC-DISTRIBUTIONS-PLEXCORP@SEC.GOV

The correspondence must clearly state that the submitting entity is a Potential Claimant as defined above, or otherwise state fully and clearly the entity’s interest in this matter, and the entity’s objection(s) to the proposed transfer. The submitting entity must include all documentation necessary to support the objection. Any and all factual assertions must be concluded with the following declaration, if true, followed by the submitting person’s signature and the date of signature:

I declare pursuant to 28 U.S.C. §1746, under penalty of perjury under the laws of the United States of America, that the foregoing is true and correct.

All correspondence must include current contact information for the submitting person, including, if available, an email address and mobile telephone number. Objections will be publicly filed by the SEC with the Court, as further set forth below in Section IV.

To the extent a submitting entity seeks to include in their submission sensitive information such as a social security number, financial account number, or home address, they should encrypt the submission prior to sending, sending the password in a separate email, or submit it pursuant to the next paragraph. **Please do not send claims information; only objections to the proposed transfer are being solicited.**

If a submitting entity is unable to securely submit their objection by email, they may send it addressed as set forth below. The submission must be received by the SEC no later than the Objection Due Date.

Catherine E. Pappas/ Brian Beirne
SEC Office of Distributions- PlexCorps Fair Fund
100 F. Street NE, Mail Stop 5012
Washington, DC 20549

Failure to timely submit an objection in accordance with this section will result in the objection being waived. Proof of timely receipt by the SEC will be the burden of the submitting entity.

III.

IT IS FURTHER ORDERED that, if no objections to the proposed transfer are timely submitted, the SEC shall:

- a) File a notice so advising the Court (the “Notice of No Objection”), accompanied by a proposed Order approving the transfer.
- b) Post a copy of the Notice of No Objection and proposed Order on the SEC Webpage.

Upon receipt of such notice from the SEC, the Court may enter an Order approving the proposed transfer without further notice or passage of time.

IV.

IT IS FURTHER ORDERED THAT, if objections are timely received pursuant to this Order, the SEC shall file them, with sensitive information redacted, together with its response, within 50 days of the entry of this Order, with copies of its response served by electronic, First Class, or Overnight Mail upon any objecting entity. The SEC may submit an alternative proposal for the disposition of the PlexCorps Fair Fund (the “Alternative Proposal”) if and as appropriate. If the SEC submits an Alternative Proposal, the Alternative Proposal, and any

accompanying filings, will be made available to all Potential Claimants and interested parties through the SEC Webpage. Such publication, along with the publication through the Court's ECF system, shall constitute and suffice as notice of the Alternative Proposal. No further objection period will be provided unless expressly ordered by the Court.

If the Court deems it necessary or appropriate, the Court may conduct a hearing before approving the proposed transfer of the PlexCorps Fair Fund to the Receiver or the Alternative Proposal. Notice of a hearing shall be provided through the Court Docket, the SEC Webpage, and if and as otherwise ordered by the Court.

SO ORDERED, this ____ date of _____, 2022,

The Honorable Carol Bagley Amon
U.S. District Judge

Exhibit B
(Declaration Under Local Rule 6.1(d))

**UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK**

**SECURITIES AND EXCHANGE COMMISSION,
Plaintiff,**

v.

**PLEXCORPS
(a/k/a and d/b/a PLEXCOIN and SIDEPAY.CA),
DOMINIC LACROIX, and
SABRINA PARADIS-ROYER,
Defendants.**

17 Civ. 7007 (CBA) (RML)

**Declaration Under Local
Rule 6.1(d)**

I, Catherine E. Pappas, pursuant to 28 U.S.C. §1746, declare as follows:

1. I am a member in good standing of the bars of the State of New Jersey and the Commonwealth of Pennsylvania and appear in this case *pro hac vice* (ECF No.119). I am employed by Plaintiff Securities and Exchange Commission (the “SEC”) as a Senior Adviser. I make this declaration pursuant to Local Rule 6.1(d) to show that good and sufficient reason exists to issue an Order to Show Cause why the Court should not transfer collections on the final judgment entered in this matter (the “PlexCorps Fair Fund”) to the Receiver appointed in *AUTORITÉS DES MARCHÉS FINANCIERS v. DOMINIC LACROIX, et al.*, No.: 200-11-025040-182, Superior Court, Quebec, Canada (the “Receiver”) for distribution pursuant to the approved plan for distribution of the PlexCorps Fair Fund in the Canadian Proceeding (the “U.S. Plan”).
2. No previous application for the relief requested herein or any similar relief has been made.
3. The SEC seeks an order to show cause to provide to harmed investors, who are not parties to this action, the opportunity to object to this disposition of the PlexCorps

Fair Fund. Investors in this matter are numerous and located worldwide. By prior notice sent in the fall of 2019 to over 91,000 possible PlexCoin investors, the SEC alerted those investors to its intent to propose to the Court that the PlexCorps Fair Fund be sent to the Receiver for distribution, solicited objections, and directed investors to both its website and the Receiver's website for updates. As stated in the accompanying papers, the SEC believes all known objections have been resolved in the U.S. Plan. The SEC requests the issuance of an Order to Show Cause, published by ECF and on the websites of the SEC and the Receiver, to confirm this belief.

4. If the Court grants the Motion and enters the proposed Order to Show Cause, upon the completion of the steps set forth in the Order to Show Cause, if no objections are timely submitted, the SEC will file a notice so advising the Court, accompanied by a proposed Order approving the transfer. If objections are timely received, the SEC shall file them, with sensitive information redacted, together with its response, with copies of its response served by electronic, First Class, or Overnight Mail upon any objecting entity.

I declare, under penalty of perjury that the foregoing is true and correct.

Executed on: February 17, 2022

s/ Catherine E. Pappas
Catherine E. Pappas