

UNITED STATES OF AMERICA
Before the
SECURITIES AND EXCHANGE COMMISSION

SECURITIES EXCHANGE ACT OF 1934
Release No. 101270 / October 7, 2024

ADMINISTRATIVE PROCEEDING
File No. 3-21535

In the Matter of	:	NOTICE OF PROPOSED PLAN OF
	:	DISTRIBUTION AND OPPORTUNITY
Quantstamp, Inc.,	:	FOR COMMENT
	:	
Respondent.	:	
	:	

Notice is hereby given, pursuant to Rule 1103 of the United States Securities and Exchange Commission’s (the “Commission”) Rules on Fair Fund and Disgorgement Plans (the “Commission’s Rules”), 17 C.F.R. § 201.1103, that the Division of Enforcement has submitted to the Commission a proposed plan of distribution (the “Proposed Plan”) for the distribution of monies paid in the above-captioned matter.

On July 21, 2023, the Commission issued an Order Instituting Cease-And-Desist Proceedings Pursuant to Section 8A of the Securities Act of 1933, Making Findings, and Imposing a Cease-And-Desist Order (the “Order”)¹ against Quantstamp, Inc. (the “Respondent”). In the Order, the Commission found that, from October to November 2017, the Respondent offered and sold QSP tokens (the “Security”) to fund the development of an automated smart contract security auditing protocol. The Commission found that the Respondent broadly marketed the Security, including in the United States, and that the Respondent raised approximately \$28.35 million in ether and USD through the sale of the Security to more than 5,000 investors. The Commission determined that, by doing so, the Respondent violated Sections 5(a) and 5(c) of the Securities Act of 1933 by offering and selling securities without having a registration statement filed or in effect with the Commission or qualifying for an exemption from registration.

The Commission ordered the Respondent to pay \$1,979,201.00 in disgorgement, \$494,314.00 in prejudgment interest, and a \$1,000,000.00 civil money penalty, for a total of \$3,473,515.00, to the Commission. The Commission also created a Fair Fund, pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, so the penalty collected, along with the

¹ Securities Act Rel. No. 11215 (July 21, 2023).

disgorgement and prejudgment interest collected, can be distributed to harmed investors (the “Fair Fund”).

The Fair Fund includes the \$3,473,515.00 collected from the Respondent. The assets of the Fair Fund are subject to the continuing jurisdiction and control of the Commission. The Fair Fund and has been deposited in a Commission-designated account at the U.S. Department of the Treasury, and any interest accrued will be added to the Fair Fund.

OPPORTUNITY FOR COMMENT

Pursuant to this Notice, all interested persons are advised that they may obtain a copy of the Plan from the Commission’s public website at <https://www.sec.gov/litigation/fairfundlist.htm>. Interested persons may also obtain a written copy of the Proposed Plan by submitting a written request to Catherine E. Pappas, United States Securities and Exchange Commission, One Penn Center, 1617 JFK Blvd., Ste. 520, Philadelphia, PA 19103. All persons who desire to comment on the Proposed Plan may submit their comments, in writing, no later than thirty (30) days from the date of this 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 (<https://www.sec.gov/litigation/admin.shtml>); or
3. by sending an e-mail to rule-comments@sec.gov.

Comments submitted by email or via the Commission’s website should include “Administrative Proceeding File No. 3-21535” in the subject line. Comments received will be publicly available. Persons should submit only information they wish to make publicly available.

THE PROPOSED PLAN

The Net Available Fair Fund² is comprised of the \$3,473,515.00 in disgorgement, prejudgment interest, and civil money penalties collected from the Respondent, plus any interest and income earned thereon, less taxes, fees, and expenses. The Proposed Plan provides for the distribution of the Net Available Fair Fund to compensate investors based on their losses, due to the Respondent’s misconduct, on the purchase of QSP tokens from October 1, 2017, through

² All capitalized terms used herein but not defined shall have the same meanings ascribed to them in the Proposed Plan.

July 20, 2023. The Proposed Plan includes processes by which the identities and wallet addresses of potential payees will be screened against various sanctions lists before those potential payees are determined to be eligible for payment.

For the Commission, by the Division of Enforcement, pursuant to delegated authority.³

Vanessa A. Countryman
Secretary

³ 17 C.F.R. § 200.30-4(a)(21)(iii).