



UNITED STATES OF AMERICA  
Before the  
SECURITIES AND EXCHANGE COMMISSION

**Today's Date: February 20, 2025**

**Deadline to Return Certification Form:  
April 21, 2025**

**Deadline to Dispute Eligible Loss Amount:  
April 21, 2025**

**RE:**

**In the Matter of ShipChain, Inc., Admin. Proc. File No. 3-20185**

**Distribution Plan Notice**

**The Securities and Exchange Commission authorized this Distribution Plan Notice (“Notice”).  
This is not a solicitation from a lawyer.**

Dear Investor:

This Notice is to inform you of the existence of the ShipChain, Inc. Fair Fund (“ShipChain Inc. Fair Fund”), established by the United States Securities and Exchange Commission (“SEC” or “Commission”) with the civil penalty proceeds of an enforcement action against ShipChain, Inc. (“Respondent” or “ShipChain”). This fund is intended to compensate investors who were harmed by the Respondent’s conduct as described in the Order, in connection with investments in unregistered crypto assets which were offered and sold as securities.

You have been identified as a Preliminary Claimant<sup>1</sup> because you are an investor who purchased SHIP tokens during the “pre-sale” phase of the initial coin offering (“ICO”) from October 1, 2017 through January 3, 2018, inclusive (the “Relevant Period”).

To be able to recover from the ShipChain Fair Fund, you must submit a completed Certification Form, supporting documentation, and relevant tax form which must be postmarked or, if not sent by U.S. Mail, received **no later than 60 days** from the date of this Notice.<sup>2</sup>

**Fair Fund**

The Commission ordered the Respondent to pay a \$2,050,000 civil money penalty to the Commission. The Respondent has paid in full, and the Fair Fund consists of \$2,050,000.

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<sup>1</sup> Capitalized terms not otherwise defined herein shall have the meanings ascribed in the Distribution Plan.

<sup>2</sup> You may be excluded from applying for a distribution if you fall within one of the categories outlined in Paragraph 14 of the Distribution Plan. Participation in the distribution of the Fair Fund will not result in the release of any rights or potential claims an investor may have against any party (other than with respect to the Fund Administrator), including, but not limited to, any party’s past and present directors, officers, promoters, advisers, agents, affiliates, nominees, assigns, creditors, or controlled entities.

## Distribution Plan

On January 6, 2025, the Commission approved the Plan of Distribution (“Distribution Plan”). A copy of the Distribution Plan is available to view and download at [www.ShipChainFairFund.com](http://www.ShipChainFairFund.com) and at <https://www.sec.gov/enforcement/information-for-harmed-investors/shipchain>. In addition, you can request a copy of the Distribution Plan from the Fund Administrator by phone, e-mail, or mail:

ShipChain Inc. Fair Fund  
c/o Analytics Consulting LLC  
Fund Administrator  
P.O. Box 2002  
Chanhassen, MN 55317-2002  
833-476-9129  
[info@ShipChainFairFund.com](mailto:info@ShipChainFairFund.com)

## Your Recognized Loss Amount

Your Recognized Loss Amount is your losses on your purchases of unregistered crypto assets known as “SHIP tokens” (“Security”) in the “pre-sale” phase of the initial coin offering (“ICO”) from October 1, 2017 through January 3, 2018, inclusive (the “Relevant Period”) that is calculated using the methodology detailed in the Plan of Allocation, attached as Exhibit A to the Distribution Plan.

Your Recognized Loss Amount: \_\_\_\_\_

Each Preliminary Claimant’s loss (“Recognized Loss”) is calculated as follows:

- A. The dollar value of the Security purchased by the Preliminary Claimant in the ICO pre-sale during the Relevant Period, minus
- B. The dollar value of sales proceeds from the sale of Security purchased in the ICO pre-sale during the Relevant Period and sold before December 21, 2020 (the date of the Order).

If the Net Available Fair Fund is equal to or exceeds the sum of Recognized Losses of all Eligible Claimants, each Eligible Claimant’s distribution amount will equal his, her or its Recognized Loss, plus any “Reasonable Interest” awarded. If the Net Available Fair Fund is less than the sum of the Recognized Losses of all Eligible Claimants, each Eligible Claimant’s distribution amount will equal his, her or its “Pro Rata Share” of the Net Available Fair Fund. If an Eligible Claimant’s Minimum Distribution Payment is less than \$10.00, that Eligible Claimant will not receive a Distribution Payment.

## Participation Options for this Fair Fund

In order to receive a payment from the Fair Fund, if you <b>have no Dispute</b> as to your Recognized Loss Amount, you must:	Submit the Certification Form so that it is postmarked <b>no later than 60 days</b> from the date of this Notice.
In order to receive a payment from the Fair Fund, if you <b>have a Dispute</b> as to your Recognized Loss Amount, you must:	Complete the Certification Form and write to the Fund Administrator detailing the reasons for your objection and return it so that it is postmarked <b>no later than 60 days</b> from the date of this Notice.

**IF YOU DO NOT COMPLETE THE CERTIFICATION FORM AND RETURN IT TO THE FUND ADMINISTRATOR WITHIN THE DEADLINES DESCRIBED ABOVE, YOU WILL NOT RECEIVE A DISTRIBUTION PAYMENT**

If you agree with your Recognized Loss Amounts, then certify it is correct on the Certification Form attached hereto (the “Certification Form”). **You must submit documentation to confirm you Recognized Loss including sufficient documentation reflecting your purchases of the Security including the purchase agreement and evidence of payment(s).**

If this amount does not appear to be accurate, then you can dispute the Recognized Loss Amounts (“Dispute”) in Part I of the Certification Form by filling out the amounts you believe to be correct. Please return the signed Certification Form and detail why the calculation is not accurate in two pages or less, double spaced, and attach documentation to support your Dispute including sufficient documentation reflecting your purchases of the Security including the purchase agreement and evidence of payment(s).

You must certify that you purchased the Security for yourself only. If you made the investment as a member of a larger group of investors, you must provide additional information about the group investment.

You must also confirm any changes to the Eligible Claimant’s name. If any heirs or successors have taken the place of the original Eligible Investor, you must attach supporting documentation. You must also provide the address where the Distribution Payment should be sent.

The Certification must be postmarked no **later than 60 days** from the date of this Notice. Any Dispute must be postmarked no **later than 60 days** from the date of this Notice.

The Fund Administrator will notify you of the resolution of your Dispute within 45 days of the deadline to submit Certification Forms in the form of a Final Determination Notice.

## **Background**

This Distribution Plan provides for the distribution of funds collected in the above-captioned matter to compensate investors harmed by the conduct that served as the basis for its findings of securities law violations in the Commission’s Order against ShipChain.

On December 21, 2020, the Commission instituted and simultaneously settled cease-and-desist proceedings (the “Order”)<sup>3</sup> against ShipChain. In the Order, the Commission found that from late 2017 to early 2018, ShipChain raised approximately \$27.6 million by selling more than 145 million digital assets (“SHIP tokens”) in an ICO. ShipChain told investors that ShipChain would use the funds raised in the ICO to develop a blockchain platform. The Commission found that SHIP tokens were offered and sold as investment contracts and were, therefore, securities. ShipChain violated Sections 5(a) and 5(c) of the Securities Act of 1933 by offering and selling these securities without having a registration statement filed or in effect with the Commission or qualifying for exemption from registration with the Commission. The Commission ordered the Respondent to pay a \$2,050,000.00 civil money penalty to the Commission. ShipChain has paid, as ordered, a total of \$2,050,000.

The Order also created a Fair Fund, pursuant to Section 308(a) of the Sarbanes-Oxley Act of 2002, so the civil money penalty could be distributed to those harmed by the Respondent’s conduct described in the Order.

## **Fund Administrator**

On February 24, 2023, Analytics LLC (“Analytics”) was appointed as the Fund Administrator to assist in overseeing the administration and distribution of the Fair Fund in coordination with Commission staff, pursuant to the terms of the Distribution Plan.<sup>4</sup>

## **Tax Administrator**

On December 20, 2022, Miller Kaplan Arase LLP was appointed as the Tax Administrator by the Commission to handle the tax obligations of the Fair Fund.<sup>5</sup>

The Fair Fund constitutes a Qualified Settlement Fund (“QSF”) under Internal Revenue Code § 468B(g) and the Treasury regulations promulgated thereunder, 26 C.F.R. § 1.468B-1 *et seq.* The distribution from this Fair Fund may have tax consequences. The Distribution Plan contains a methodology detailed in the Plan of Allocation for

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<sup>3</sup> Order Instituting Administrative and Cease-and-Desist Proceedings, Pursuant to Section 8A of the Securities Act of 1933, Making Findings, and Imposing Penalties, and a Cease-and-Desist Order, Securities Act Rel. No. 10909 (Dec. 21, 2020).

<sup>4</sup> Order Appointing Fund Administrator and Setting Administrator's Bond Amount, Exchange Act Rel. No. 96982 (February 24, 2023).

<sup>5</sup> Order Appointing Tax Administrator, Exchange Act Rel. No. 96547 (December 20, 2022).

compensation for investors for their losses. Your distribution is comprised of two components: (1) a losses component to compensate you for the harm described in the Order (“Losses Component”); and (2) a “Reasonable Interest” component described in the Distribution Plan (“Reasonable Interest Component”).

**Losses Component.** Generally, the losses component of your distribution is not income to you to the extent of your basis in your investment. However, you must reduce your basis by the amount of the Losses Component. If your Losses Component exceeds your tax basis in your investment, then the excess is includable in your income as capital gain. Any such capital gain is long-term capital gain unless you disposed of your investment before holding it for longer than one year. If you do not have reasonable access to records indicating the tax basis of your investment, then you may assume that your tax basis is zero and that the entire Losses Component is includable in your income as capital gain. **The QSF is not required to - and will not - issue a Form 1099 to you with respect to the Losses Component of your distribution.**

**Reasonable Interest Component.** The approved Distribution Plan provides that interest may be included in the distribution to compensate for the time value of investors’ losses. The Reasonable Interest Component constitutes taxable interest income to you; however, you will only receive a Form 1099-INT if your distribution contains \$600 or more of such interest. Under certain circumstances, the Reasonable Interest Component may be subject to 24% backup withholding (as well as state withholding, as applicable). To the extent that the Reasonable Interest Component is subject to such withholding, it will be reflected on the Form 1099-INT that will be issued to you (as well as any related state information returns, as applicable). If you are, or are presumed to be, a nonresident alien of the U.S. (“NRA”), or a payee subject to withholding under the Foreign Account Tax Compliance Act (“FATCA”), you may receive Form 1042-S with respect to the Reasonable Interest Component of your distribution. Your Reasonable Interest Component may also be subject to 30% NRA withholding or 30% FATCA withholding under certain circumstances, which will be remitted to the IRS on your behalf (if applicable). To the extent your Reasonable Interest Component is subject to such withholding, it will be reflected on the Form 1042-S that will be issued to you in the first quarter of the year subsequent to the year you receive your distribution payment.

**IRA, QRP, or Other Tax Deferred Vehicle.** If you held your investment in an individual retirement account (“IRA”), qualified retirement plan (“QRP”), or other tax deferred vehicle, your check will be made payable to the trustee or custodian of your IRA or QRP. You should forward the check to the trustee or custodian of your IRA or QRP for deposit into your IRA or QRP account. **Caution: If the check is cashed or deposited in any account other than an account eligible to receive the check, it may be subject to income tax and a 10% penalty.**

Please note that the Fund Administrator and the Tax Administrator cannot provide tax advice to Eligible Claimants. The information contained herein is being provided for informational purposes only to assist you in determining the United States (“U.S.”) federal income tax consequences of the distribution payment if you are a citizen or resident of the U.S. The tax consequences of the distribution may vary depending on your individual circumstances. Except as provided above, the information provided herein may not be applicable if you are a nonresident alien of the U.S. or a FATCA-subject payee and it does not address the alternative minimum tax provisions of federal tax law, nor state, local and non-U.S. tax rules, nor the effect of possible changes in laws. **THE INFORMATION CONTAINED HEREIN IS NOT AND SHOULD NOT BE RELIED UPON AS TAX ADVICE. CONSULT YOUR TAX ADVISOR WITH RESPECT TO THE SPECIFIC TAX CONSEQUENCES OF THE DISTRIBUTION TO YOU.**

## Participation

Participation in the Fair Fund will not result in the release of any rights or potential claims an Eligible Claimant may have against any party (other than with respect to the Fund Administrator), including, but not limited to, any party’s past and present directors, officers, promoters, advisers, agents, affiliates, nominees, assigns, creditors, or controlled entities.

## Questions?

If you have any questions about the Fair Fund, or the calculation of your Recognized Loss Amount, you may obtain more information by visiting the Fund website at [www.ShipChainFund.com](http://www.ShipChainFund.com) or the SEC’s Information for Harmed Investors webpage at <https://www.sec.gov/enforcement/information-for-harmed-investors/shipchain>, by phone at 833-476-9129, or by email to [info@ShipChainFairFund.com](mailto:info@ShipChainFairFund.com).

## Reminder Checklist

- Complete Part I and sign the Certification Form.
- Complete Part II of the Certification Form if you have any changes to the Eligible Investor Information, or the Mailing Address.
- Complete Part III of the Certification Form **and provide the following supporting documentation:**
  - Supporting documentation (including a purchase agreement and proof of payment(s) made) to confirm your investments made from October 1, 2017 through January 3, 2018.
  - If you made the investment as a member of a larger group of investors, provide a list of all investors in the group, each investor's contact information, and the amount of investment for each investor.
  - Substitute W-9 Form or other relevant tax form
- Return the Certification Form so that it is postmarked within 60 days of the date of this Notice if you are not submitting a Dispute; or
- Return the Certification Form with any Dispute to the Fund Administrator so that it is postmarked within 60 days of the date of this Notice.

Very truly yours,

Analytics Consulting LLC  
Fund Administrator