

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

**SECURITIES AND  
EXCHANGE COMMISSION,**

**Plaintiff,**

**v.**

**ANDREW DEFRANCESCO, MARLO  
MAURICIO DIAZ CARDONA, CARLOS  
FELIPE REZK, NIKOLA FAUKOVIC,  
AND CATHERINE DEFRANCESCO,**

**Defendants.**

**No. 1:23-CV-00131-JSR**

**SEC V. ANDREW DEFRANCESCO FAIR FUND PLAN NOTICE TO POTENTIALLY  
ELIGIBLE CLAIMANTS**

**TO: Persons or entities who purchased or acquired Cool Holdings Inc. common stock (the “Security”) during the period between September 16, 2018 and October 26, 2018, inclusive (the “Relevant Period”).**

**If you purchased the Security during the Relevant Period, you must submit a completed Claim Form with the necessary documentation so that it is postmarked or, if not sent by U.S. Mail, received by October 29, 2025 (the “Claims Bar Date”) to be eligible to recover from the Fair Fund.**

**I. Purpose of this Notice.**

The purpose of this Notice is to inform you that you may be entitled to share in the proceeds of the Fair Fund described herein. To be potentially eligible to share in the Fair Fund, you must file a Claim Form in accordance with the steps set forth in this Plan Notice and in the Distribution Plan (the “Plan”) approved by the Securities and Exchange Commission (“SEC” or the “Commission”). Claim Forms together with this Plan Notice are being mailed to Potential Preliminary Claimants who purchased the Security during the Relevant Period. Copies of the Plan, this Plan Notice and the Claim Form are also available on the Fair Fund’s website at [www.SECvAndrewDeFrancesco.com](http://www.SECvAndrewDeFrancesco.com) and through the Commission’s website at [www.sec.gov](http://www.sec.gov). You are excluded from applying for a distribution if you fall within one of the categories outlined in Section III below.

Please Note: Receipt of this Notice does not mean you will be awarded a payment.

**SPECIAL NOTICE TO SECURITIES BROKERS AND OTHER NOMINEE PURCHASERS: If you purchased or acquired shares of the Cool Holdings Inc. common stock during the Relevant Period as a nominee for a beneficial owner, then within fourteen (14) days after you receive this Plan Notice, you must either: (a) send a copy of this Plan Notice and the accompanying Claim Form by First-Class Mail to all such beneficial owners; or (b) provide a list of the names and addresses of such beneficial owners to the Distribution Agent listed in Part VI of this Plan Notice.**

**PLEASE READ THIS NOTICE CAREFULLY AND IN ITS ENTIRETY. IF YOU SATISFY THE ELIGIBILITY CRITERIA DESCRIBED BELOW, YOU MAY BE ENTITLED TO A RECOVERY FROM THE FAIR FUND. THIS NOTICE CONTAINS IMPORTANT INFORMATION REGARDING YOUR ABILITY TO SHARE IN THE FAIR FUND.**

**II. Background.**

On January 6, 2023, the SEC filed a Complaint against Andrew DeFrancesco (“DeFrancesco”), Marlio Mauricio Diaz Cardona (“Diaz”), Carlos Felipe Rezk (“Rezk”), Nikola Faukovic (“Faukovic”), and Catherine DeFrancesco (collectively, the “Defendants”). In the Complaint, the SEC alleged that beginning in March of 2018, Defendants DeFrancesco, Diaz, and Rezk, officers and directors of Cool Holdings, Inc. (“Cool Holdings”), orchestrated a fraudulent scheme to deceive the investing public about the operations and prospects of their company through repeated, materially false and misleading misstatements and omissions in SEC filings and in a promotion campaign.

From March 2018 through early June 2019, Cool Holdings made materially false and misleading statements and omissions in its SEC filings including about its critical business relationship with Apple Inc. Certain Defendants signed Cool Holdings' false and misleading quarterly reports, annual reports, and registration statement and amendments. The registration statement, which never became effective, sought to offer and sell up to \$25,000,000 worth of securities.

The Defendants also orchestrated a "pump and dump" of Cool Holdings' stock, which included secretly funding a series of fraudulent articles promoting Cool Holdings as a profitable and expanding company. The false news released during mid-September 2018 caused Cool Holdings' share price and trading volume to spike during the week the articles were published and to remain elevated for a period of weeks after. Id. 4. During the promotional campaign, DeFrancesco secretly sold, through accounts controlled by nominee entities and nominally controlled by his ex-wife Catherine DeFrancesco, millions of shares of Cool Holdings, generating proceeds of more than \$11.5 million. Id. 5-7. Diaz, Faulkovic, and Rezk also sold Cool Holdings stock while the company was disseminating false and misleading information in its SEC filings. Id. 8. As a result of the false information published during the promotional campaign, investors overpaid for shares of Cool Holdings and suffered losses when the share price collapsed.

On June 15, 2023, the Court entered final judgments as to Catherine DeFrancesco and Faulkovic. The Court found Catherine DeFrancesco liable for a civil penalty of \$122,782.00 and found Faulkovic liable for disgorgement of \$11,779.43, prejudgment interest of \$2,570.89, and a civil penalty of \$111,614.00 for a total of \$125,964.32. On July 5, 2023, the Court entered a final judgment as to Andrew DeFrancesco and ordered him liable for disgorgement of \$1,034,051.52, prejudgment interest of \$242,018.97, and a civil penalty of \$1,737,224.52 for a total of \$3,013,295.01. On November 21, 2023, the Court entered final judgments as to Diaz and Rezk and ordered them each liable for a civil penalty of \$223,229.

On July 22, 2024, the Court entered an order establishing a Fair Fund, including post-judgment interest and any future funds collected from the Defendants in the Fair Fund. The Commission holds \$2,283,537.34 collected from the Defendants pursuant to the Final Judgments. As of January 28, 2025, the Fair Fund balance is \$2,400,755.96. The Fair Fund has been deposited in an SEC-designated account at the United States Department of the Treasury, and any accrued interest will be added to the Fair Fund.

The Court approved the Plan in its entirety on May 2, 2025.

### **III. Eligibility Criteria and the Distribution Methodology.**

To qualify for a payment from the Fair Fund, you must satisfy certain eligibility criteria that are described in detail in the Plan. The Plan is available on the Fair Fund website at [www.SECvAndrewDeFrancesco.com](http://www.SECvAndrewDeFrancesco.com) and on the Commission's public website at <https://www.sec.gov/enforcement-litigation/distributions-harmed-investors/cool-holdings>. You can also request a copy of the Plan by calling the Distribution Agent at 1-888-788-6473 or by emailing [info@SECvAndrewDeFrancesco.com](mailto:info@SECvAndrewDeFrancesco.com). The eligibility criteria include the following:

- You must have purchased or acquired the Cool Holdings Inc. common stock during the Relevant Period.
- Your approved transactions must calculate to a Recognized Loss as calculated under the Plan and your Distribution Payment must equal or exceed \$20.00.

You are excluded from participation in the Fair Fund if you are: (a) the Defendants, (b) present or former officers or directors of Defendants or any assigns, creditors, heirs, distributees, spouses, parents, dependent children or controlled entities of any of the foregoing Persons or entities, (c) any employee or former employee of the Defendants or any of its affiliates who has been terminated for cause or has otherwise resigned, in connection with the conduct alleged in the Complaint, (d) any Person who, as of the Claims Bar Date, has been the subject of criminal charges related to the conduct alleged in the Complaint or any related Commission action, (e) any firm, trust, corporation, officer, or other entity in which Defendants has or had a controlling interest, (f) the Distribution Agent, its employees, and those Persons assisting the Distribution Agent in its role as the Distribution Agent; or (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 a right by gift, inheritance or devise.

The Recognized Loss incurred by an Eligible Claimant shall be determined as set forth in the Plan. The methodology used to determine eligibility and calculate Distribution Payments is set forth in the Plan of Allocation attached to the Plan as Exhibit A.

Pursuant to the Order, all reasonable administrative costs and expenses of the distribution, including the fees and expenses of the Tax Administrator and Distribution Agent shall be paid from the Fund.

#### **IV. Claim Forms.**

A CLAIM FORM IS BEING MAILED TOGETHER WITH THIS PLAN NOTICE TO ALL POTENTIALLY ELIGIBLE CLAIMANTS KNOWN TO THE DISTRIBUTION AGENT. IF YOU DO NOT RECEIVE A FORM IN THE MAIL OR REQUIRE ADDITIONAL FORMS, SEE THE INSTRUCTIONS BELOW UNDER “ADDITIONAL INFORMATION” FOR OBTAINING CLAIM FORMS.

**THE DEADLINE TO SUBMIT A CLAIM FORM AT THE ADDRESS OR EMAIL ADDRESS BELOW IS OCTOBER 29, 2025. IF YOU FAIL TO TIMELY SUBMIT A COMPLETED CLAIM FORM, YOU WILL BE BARRED FROM RECEIVING A PAYMENT FROM THE FAIR FUND. THE CLAIM FORM MUST BE ACCOMPANIED BY APPROPRIATE SUPPORTING DOCUMENTS FOR EACH TRANSACTION LISTED IN THE CLAIM FORM.**

If you submit a Claim Form that fails to provide all required information, or is otherwise deficient, you may receive a Claim Deficiency Notice advising you of the reason(s) why the claim is deficient and of the opportunity to cure such deficiencies.

#### **V. Claim Determinations.**

The Distribution Agent will mail a notice advising each Potentially Eligible Claimant that submitted a Claim Form of the determination concerning such claim. If a claim is denied in whole or in part, the Distribution Agent will state the reason for such denial.

All determinations of the Distribution Agent that are made in accordance with the Plan shall be final and not subject to appeal.

#### **VI. Instructions for Submitting a Claim Form.**

**YOU MUST COMPLETE AND SIGN THE CLAIM FORM AND SUBMIT IT TO THE DISTRIBUTION AGENT BY OCTOBER 29, 2025, AT THE ADDRESS LISTED BELOW OR ONLINE AT [WWW.SECVANDREWDEFRANCESCO.COM](http://WWW.SECVANDREWDEFRANCESCO.COM), IN ORDER TO BE ELIGIBLE TO RECOVER FROM THE FAIR FUND:**

***SEC v Andrew DeFrancesco Fair Fund***  
**P.O. Box 5654**  
**Portland, OR 97228-5654**  
**[info@SECVAndrewDeFrancesco.com](mailto:info@SECVAndrewDeFrancesco.com)**

#### **VII. Other Claims.**

Upon receipt and acceptance of a distribution from the Fair Fund, you shall be deemed to have released any claims you may have against the Distribution Agent and its agents. By participating in the distribution of the Fair Fund, you will not be releasing any rights or claims you may have against any other party, including, but not limited to, Defendants and Defendants’ past or present directors, officers, employees, advisers and agents.

#### **VIII. Additional Information.**

Additional information regarding the Fair Fund may be found at [www.SECvAndrewDeFrancesco.com](http://www.SECvAndrewDeFrancesco.com). The Plan Notice and Claim Form may also be downloaded from the Fair Fund’s website. You may obtain additional information or request copies of forms and notices by calling the *SEC v Andrew DeFrancesco* Fair Fund’s toll-free hotline at 1-888-788-6473 in the United States, or by emailing [info@SECVAndrewDeFrancesco.com](mailto:info@SECVAndrewDeFrancesco.com).

**PLEASE CHECK THE WEBSITE [WWW.SECVANDREWDEFRANCESCO.COM](http://WWW.SECVANDREWDEFRANCESCO.COM) FREQUENTLY FOR UPDATES.**