

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF FLORIDA  
WEST PALM BEACH DIVISION

CASE NO.: 9:19-cv-80633-RLR

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

vs.

NATURAL DIAMONDS INVESTMENT CO.,  
EAGLE FINANCIAL DIAMOND GROUP INC  
A/K/A DIAMANTE ATELIER,  
ARGYLE COIN LLC,  
JOSE ANGEL AMAN,  
HAROLD SEIGEL AND  
JONATHAN H. SEIGEL,

Defendants, and

H.S. MANAGEMENT GROUP LLC,  
GOLD 7 OF MIAMI, LLC,  
WINNERS CHURCH INTERNATIONAL INC.  
OF WEST PALM BEACH, FLORIDA

Relief Defendants.

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**RELIEF DEFENDANT, GOLD 7 OF MIAMI, LLC'S ANSWER AND AFFIRMATIVE DEFENSES TO PLAINTIFF'S COMPLAINT FOR INJUNCTIVE AND OTHER RELIEF**

Relief Defendant, Gold 7 of Miami, LLC ("Gold 7"), by and through its undersigned counsel, hereby answers Plaintiff's Complaint for Injunctive and Other Relief [ECF No. 1] (the "Complaint"), and asserts the following affirmative defenses thereto:

**I. INTRODUCTION**

1. Gold 7 admits only the allegation that the Securities and Exchange Commission ("Plaintiff") purports to bring an action for injunctive relief against the Defendants. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the remainder of

the allegations contained in Paragraph 1 of the Complaint, and therefore denies same and demands strict proof thereof.

2. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 2 of the Complaint, and therefore denies same and demands strict proof thereof.

3. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 3 of the Complaint, and therefore denies same and demands strict proof thereof.

4. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 4 of the Complaint, and therefore denies same and demands strict proof thereof.

5. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 5 of the Complaint, and therefore denies same and demands strict proof thereof.

6. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 6 of the Complaint, and therefore denies same and demands strict proof thereof.

7. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 7 of the Complaint, and therefore denies same and demands strict proof thereof.

8. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 8 of the Complaint, and therefore denies same and demands strict proof thereof.

9. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 9 of the Complaint, and therefore denies same and demands strict proof thereof.

10. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 10 of the Complaint, and therefore denies same and demands strict proof thereof.

11. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 11 of the Complaint, and therefore denies same and demands strict proof thereof.

12. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 12 of the Complaint, and therefore denies same and demands strict proof thereof.

13. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 13 of the Complaint, and therefore denies same and demands strict proof thereof.

14. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 14 of the Complaint, and therefore denies same and demands strict proof thereof.

15. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 15 of the Complaint, and therefore denies same and demands strict proof thereof.

16. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 16 of the Complaint, and therefore denies same and demands strict proof thereof.

## **II. DEFENDANTS AND RELIEF DEFENDANTS**

### **A. Defendants**

17. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 17 of the Complaint, and therefore denies same and demands strict proof thereof.

18. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 18 of the Complaint, and therefore denies same and demands strict proof thereof.

19. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 19 of the Complaint, and therefore denies same and demands strict proof thereof.

20. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 20 of the Complaint, and therefore denies same and demands strict proof thereof.

21. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 21 of the Complaint, and therefore denies same and demands strict proof thereof.

22. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 22 of the Complaint, and therefore denies same and demands strict proof thereof.

**B. Relief Defendants**

23. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 23 of the Complaint, and therefore denies same and demands strict proof thereof.

24. Gold 7 admits only that it is a Florida limited liability company formed in February of 2010. Gold 7 denies the remainder of the allegations contained in Paragraph 24 of the Complaint, and therefore demands strict proof thereof.

25. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 25 of the Complaint, and therefore denies same and demands strict proof thereof.

26. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 26 of the Complaint, and therefore denies same and demands strict proof thereof.

27. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 27 of the Complaint, and therefore denies same and demands strict proof thereof.

**III. JURISDICTION AND VENUE**

28. Gold 7 admits in part and denies in part the allegations contained in Paragraph 28 of the Complaint. Gold 7 admits only the allegation that this Court has jurisdiction over this action pursuant to the federal securities laws and provisions cited in Paragraph 28 of the Complaint, but denies that it is a proper relief defendant in this action.

29. Admitted for jurisdictional and venue purposes only.

30. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 30 of the Complaint, and therefore denies same and demands strict proof thereof.

**IV. THE NATURAL DIAMONDS SECURITIES FRAUD**

**A. The Natural Diamonds Offering**

31. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 31 of the Complaint, and therefore denies same and demands strict proof thereof.

32. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 32 of the Complaint, and therefore denies same and demands strict proof thereof.

33. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 33 of the Complaint, and therefore denies same and demands strict proof thereof.

34. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 34 of the Complaint, and therefore denies same and demands strict proof thereof.

35. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 35 of the Complaint, and therefore denies same and demands strict proof thereof.

36. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 36 of the Complaint, and therefore denies same and demands strict proof thereof.

37. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 37 of the Complaint, and therefore denies same and demands strict proof thereof.

38. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 38 of the Complaint, and therefore denies same and demands strict proof thereof.

39. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 39 of the Complaint, and therefore denies same and demands strict proof thereof.

**B. Solicitation of Natural Diamonds Investors**

40. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 40 of the Complaint, and therefore denies same and demands strict proof thereof.

41. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 41 of the Complaint, and therefore denies same and demands strict proof thereof.

42. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 42 of the Complaint, and therefore denies same and demands strict proof thereof.

43. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 43 of the Complaint, and therefore denies same and demands strict proof thereof.

44. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 44 of the Complaint, and therefore denies same and demands strict proof thereof.

45. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 45 of the Complaint, and therefore denies same and demands strict proof thereof.

46. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 46 of the Complaint, and therefore denies same and demands strict proof thereof.

47. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 47 of the Complaint, and therefore denies same and demands strict proof thereof.

48. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 48 of the Complaint, and therefore denies same and demands strict proof thereof.

49. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 49 of the Complaint, and therefore denies same and demands strict proof thereof.

50. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 50 of the Complaint, and therefore denies same and demands strict proof thereof.

51. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 51 of the Complaint, and therefore denies same and demands strict proof thereof.

52. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 52 of the Complaint, and therefore denies same and demands strict proof thereof.

53. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 53 of the Complaint, and therefore denies same and demands strict proof thereof.

54. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 54 of the Complaint, and therefore denies same and demands strict proof thereof.

55. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 55 of the Complaint, and therefore denies same and demands strict proof thereof.

56. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 56 of the Complaint, and therefore denies same and demands strict proof thereof.

57. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 57 of the Complaint, and therefore denies same and demands strict proof thereof.

58. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 58 of the Complaint, and therefore denies same and demands strict proof thereof.

59. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 59 of the Complaint, and therefore denies same and demands strict proof thereof.

60. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 60 of the Complaint, and therefore denies same and demands strict proof thereof.

61. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 61 of the Complaint, and therefore denies same and demands strict proof thereof.

62. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 62 of the Complaint, and therefore denies same and demands strict proof thereof.

**C. Fraudulent Conduct in the Natural Diamonds Offering**

63. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 63 of the Complaint, and therefore denies same and demands strict proof thereof.

64. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 64 of the Complaint, and therefore denies same and demands strict proof thereof.

65. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 65 of the Complaint, and therefore denies same and demands strict proof thereof.

66. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 66 of the Complaint, and therefore denies same and demands strict proof thereof.

67. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 67 of the Complaint, and therefore denies same and demands strict proof thereof.

68. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 68 of the Complaint, and therefore denies same and demands strict proof thereof.

69. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 69 of the Complaint, and therefore denies same and demands strict proof thereof.

70. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 70 of the Complaint, and therefore denies same and demands strict proof thereof.

71. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 71 of the Complaint, and therefore denies same and demands strict proof thereof.

72. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 72 of the Complaint, and therefore denies same and demands strict proof thereof.

73. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 73 of the Complaint, and therefore denies same and demands strict proof thereof.

#### **IV. THE EAGLE SECURITIES FRAUD**

##### **A. The Eagle Offering**

74. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 74 of the Complaint, and therefore denies same and demands strict proof thereof.

75. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 75 of the Complaint, and therefore denies same and demands strict proof thereof.

76. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 76 of the Complaint, and therefore denies same and demands strict proof thereof.

77. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 77 of the Complaint, and therefore denies same and demands strict proof thereof.

78. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 78 of the Complaint, and therefore denies same and demands strict proof thereof.

79. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 79 of the Complaint, and therefore denies same and demands strict proof thereof.

80. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 80 of the Complaint, and therefore denies same and demands strict proof thereof.

**B. Solicitation of Eagle Investors**

81. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 81 of the Complaint, and therefore denies same and demands strict proof thereof.

82. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 82 of the Complaint, and therefore denies same and demands strict proof thereof.

83. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 83 of the Complaint, and therefore denies same and demands strict proof thereof.

84. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 84 of the Complaint, and therefore denies same and demands strict proof thereof.

85. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 85 of the Complaint, and therefore denies same and demands strict proof thereof.

86. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 86 of the Complaint, and therefore denies same and demands strict proof thereof.

87. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 87 of the Complaint, and therefore denies same and demands strict proof thereof.

88. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 88 of the Complaint, and therefore denies same and demands strict proof thereof.

89. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 89 of the Complaint, and therefore denies same and demands strict proof thereof.

90. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 90 of the Complaint, and therefore denies same and demands strict proof thereof.

**C. Fraudulent Conduct in the Eagle Offering**

91. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 91 of the Complaint, and therefore denies same and demands strict proof thereof.

92. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 92 of the Complaint, and therefore denies same and demands strict proof thereof.

93. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 93 of the Complaint, and therefore denies same and demands strict proof thereof.

94. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 94 of the Complaint, and therefore denies same and demands strict proof thereof.

95. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 95 of the Complaint, and therefore denies same and demands strict proof thereof.

96. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 96 of the Complaint, and therefore denies same and demands strict proof thereof.

97. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 97 of the Complaint, and therefore denies same and demands strict proof thereof.

98. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 98 of the Complaint, and therefore denies same and demands strict proof thereof.

99. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 99 of the Complaint, and therefore denies same and demands strict proof thereof.

100. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 100 of the Complaint, and therefore denies same and demands strict proof thereof.

101. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 101 of the Complaint, and therefore denies same and demands strict proof thereof.

102. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 102 of the Complaint, and therefore denies same and demands strict proof thereof.

103. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 103 of the Complaint, and therefore denies same and demands strict proof thereof.

104. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 104 of the Complaint, and therefore denies same and demands strict proof thereof.

105. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 105 of the Complaint, and therefore denies same and demands strict proof thereof.

## **V. THE ARGYLE COIN FRAUD**

### **A. The Argyle Coin Offering**

106. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 106 of the Complaint, and therefore denies same and demands strict proof thereof.

107. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 107 of the Complaint, and therefore denies same and demands strict proof thereof.

108. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 108 of the Complaint, and therefore denies same and demands strict proof thereof.

109. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 109 of the Complaint, and therefore denies same and demands strict proof thereof.

110. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 110 of the Complaint, and therefore denies same and demands strict proof thereof.

111. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 111 of the Complaint, and therefore denies same and demands strict proof thereof.

112. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 112 of the Complaint, and therefore denies same and demands strict proof thereof.

**B. Solicitation of Argyle Coin Investors**

113. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 113 of the Complaint, and therefore denies same and demands strict proof thereof.

114. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 114 of the Complaint, and therefore denies same and demands strict proof thereof.

115. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 115 of the Complaint, and therefore denies same and demands strict proof thereof.

116. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 116 of the Complaint, and therefore denies same and demands strict proof thereof.

117. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 117 of the Complaint, and therefore denies same and demands strict proof thereof.

118. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 118 of the Complaint, and therefore denies same and demands strict proof thereof.

119. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 119 of the Complaint, and therefore denies same and demands strict proof thereof.

120. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 120 of the Complaint, and therefore denies same and demands strict proof thereof.

121. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 121 of the Complaint, and therefore denies same and demands strict proof thereof.

122. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 122 of the Complaint, and therefore denies same and demands strict proof thereof.

123. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 123 of the Complaint, and therefore denies same and demands strict proof thereof.

124. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 124 of the Complaint, and therefore denies same and demands strict proof thereof.

125. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 125 of the Complaint, and therefore denies same and demands strict proof thereof.

126. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 126 of the Complaint, and therefore denies same and demands strict proof thereof.

127. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 127 of the Complaint, and therefore denies same and demands strict proof thereof.

**C. Misrepresentations and Omissions in the Argyle Coin Offering**

128. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 128 of the Complaint, and therefore denies same and demands strict proof thereof.

129. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 129 of the Complaint, and therefore denies same and demands strict proof thereof.

130. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 130 of the Complaint, and therefore denies same and demands strict proof thereof.

131. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 131 of the Complaint, and therefore denies same and demands strict proof thereof.

132. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 132 of the Complaint, and therefore denies same and demands strict proof thereof.

133. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 133 of the Complaint, and therefore denies same and demands strict proof thereof.

134. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 134 of the Complaint, and therefore denies same and demands strict proof thereof.

135. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 135 of the Complaint, and therefore denies same and demands strict proof thereof.

136. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 136 of the Complaint, and therefore denies same and demands strict proof thereof.

137. Gold 7 is without knowledge or information sufficient to form a belief about the truth of the allegations contained in Paragraph 137 of the Complaint, and therefore denies same and demands strict proof thereof.

### **COUNT I**

#### **Fraud in Violation of Section 10(b) and Rule 10b-5(a) of the Exchange Act Against Natural Diamonds, Eagle, Argyle Coin, and Aman**

138. Gold 7 repeats and realleges Paragraphs 1 through 137 above as though fully set forth herein.

139. This Count of the Complaint is not directed to Gold 7 and therefore, no response is required.

140. This Count of the Complaint is not directed to Gold 7 and therefore, no response is required.

### **COUNT II**

#### **Fraud in Violation of Section 10(b) and Rule 10b-5(b) of the Exchange Act Against Aman**

141. Gold 7 repeats and realleges Paragraphs 1 through 137 above as though fully set forth herein.

142. This Count of the Complaint is not directed to Gold 7 and therefore, no response is required.

143. This Count of the Complaint is not directed to Gold 7 and therefore, no response is required.

**COUNT III**

**Fraud in Violation of Section 10(b) and Rule 10b-5(c) of the Exchange Act  
Against Natural Diamonds, Eagle, Argyle Coin, and Aman**

144. Gold 7 repeats and realleges Paragraphs 1 through 137 above as though fully set forth herein.

145. This Count of the Complaint is not directed to Gold 7 and therefore, no response is required.

146. This Count of the Complaint is not directed to Gold 7 and therefore, no response is required.

**COUNT IV**

**Fraud in the Offer or Sale of Securities in  
Violation of Section 17(a)(1) of the Securities Act  
Against Natural Diamonds, Eagle, Argyle Coin, and Aman**

147. Gold 7 repeats and realleges Paragraphs 1 through 137 above as though fully set forth herein.

148. This Count of the Complaint is not directed to Gold 7 and therefore, no response is required.

149. This Count of the Complaint is not directed to Gold 7 and therefore, no response is required.

**COUNT V**

**Fraud in the Offer or Sale of Securities in  
Violation of Section 17(a)(2) of the Securities Act  
Against Aman**

150. Gold 7 repeats and realleges Paragraphs 1 through 137 above as though fully set forth herein.

151. This Count of the Complaint is not directed to Gold 7 and therefore, no response is required.

152. This Count of the Complaint is not directed to Gold 7 and therefore, no response is required.

**COUNT VI**

**Fraud in the Offer or Sale of Securities in  
Violation of Section 17(a)(3) of the Securities Act  
Against Natural Diamonds, Eagle, Argyle Coin, and Aman**

153. Gold 7 repeats and realleges Paragraphs 1 through 137 above as though fully set forth herein.

154. This Count of the Complaint is not directed to Gold 7 and therefore, no response is required.

155. This Count of the Complaint is not directed to Gold 7 and therefore, no response is required.

**COUNT VII**

**Sale of Unregistered Securities in Violation of  
Section 5(a) and 5(c) of the Securities Act  
Against All Defendants**

156. Gold 7 repeats and realleges Paragraphs 1 through 137 above as though fully set forth herein.

157. This Count of the Complaint is not directed to Gold 7 and therefore, no response is required.

158. This Count of the Complaint is not directed to Gold 7 and therefore, no response is required.

159. This Count of the Complaint is not directed to Gold 7 and therefore, no response is required.

### **RELIEF REQUESTED**

To the extent the Wherefore Clause relates, references, or refers to Gold 7, Gold 7 denies that the Plaintiff is entitled to any relief against it and requests that this Court enter an Order denying same and for such other and further relief that this Court deems just and proper.

#### **I.**

### **Temporary Restraining Order And Preliminary Injunction**

To the extent the Plaintiff seeks a temporary restrainer order and preliminary injunctive relief against Gold 7, Gold 7 states that it has already consented to the entry of a temporary restraining order and preliminary injunction, but denies that the Plaintiff is entitled to any such relief against Gold 7 and therefore reserves its right to move to modify or quash same.

#### **II.**

### **Permanent Injunction**

To the extent the Plaintiff seeks a permanent injunction against Gold 7, Gold 7 denies that the Plaintiff is entitled to any such relief and requests that this Court enter an Order denying same and for such other and further relief that this Court deems just and proper.

**III.**

**Asset Freeze and Sworn Accountings**

To the extent the Plaintiff seeks an asset freeze and sworn accountings against Gold 7, Gold 7 states that it has already consented to the entry of a limited asset freeze as to the diamonds and provided Plaintiff a sworn accounting, but denies that the Plaintiff is entitled to any such relief against Gold 7 and therefore reserves its right to move to modify or quash same.

**IV.**

**Records Preservation**

To the extent the Plaintiff requests that Gold 7 preserve any records relating to the subject matter of this lawsuit that are in its custody or possession or subject to their control, Gold 7 states that it has already consented to the entry of an Order requiring it to preserve any such records, but denies that the Plaintiff is entitled to any such relief and therefore reserves its right to move to modify or quash same.

**V.**

**Disgorgement**

To the extent the Plaintiff seeks an Order from this Court requiring Gold 7 to disgorge any property, Gold 7 denies that the Plaintiff is entitled to any such relief and requests that this Court enter an Order denying same and for such other and further relief that this Court deems just and proper.

**VI.**

**Penalties**

To the extent the Plaintiff seeks a penalty against Gold 7, Gold 7 denies that the Plaintiff is entitled to any such relief and requests that this Court enter an Order denying same and for such other and further relief that this Court deems just and proper.

**VII.**

**Appointment of a Receiver**

The relief requested herein is not directed to Gold 7 and therefore, no response is required.

**VIII.**

**Further Relief**

To the extent the Plaintiff seeks further relief Gold 7, Gold 7 denies that the Plaintiff is entitled to any such relief and requests that this Court enter an Order denying same and for such other and further relief that this Court deems just and proper, including an award of costs and attorney's fees if warranted and permitted by law.

**IX.**

**Retention of Jurisdiction**

To the extent the Plaintiff requests that this Court retain jurisdiction over Gold 7, Gold 7 states that it is not a proper relief defendant in this action. Accordingly, Gold 7 denies that the Plaintiff is entitled to any such relief and requests that this Court enter an Order denying same and for such other and further relief that this Court deems just and proper.

**DEMAND FOR JURY TRIAL**

Gold 7 demands a trial by jury on any issues or facts triable to a jury in this case.

## **AFFIRMATIVE DEFENSES**

### **First Affirmative Defense**

As its First Affirmative Defense, Gold 7 states that it is improperly named as a “relief defendant” in this action because Gold 7 has an ownership interest in and legitimate claim to the diamonds that were purchased from Defendant, Jose Aman (“Aman”), as well as any monies received from him between January 2019 and March 2019. A relief defendant has no ownership interest in the property that is the subject of litigation but may be joined in the lawsuit to aid the recovery of relief. *S.E.C. v. Founding Partners Capital Management*, 639 F. Supp. 2d 1291, 1293 (M.D. Fla. 2009). The paradigmatic relief defendant is “a trustee, agent, or depositary...[who is] joined purely as a means of facilitating collection.” *S.E.C. v. Colello*, 139 F. 3d 674, 676 (9th Cir. 1998) (quoting *SEC v. Cherif*, 933 F.2d 403, 414 (7th Cir. 1991); see also *S.E.C. v. Huff*, 758 F. Supp. 2d 1288, 1299 (S.D. Fla. 2010). A relief defendant is not accused of wrongdoing, but a federal court may order equitable relief against such a person where that person (1) has received ill-gotten funds, and (2) does not have a legitimate claim to those funds. *Founding Partners Capital Management*, 639 F. Supp. 2d at 1293 (citation omitted); *SEC v. Cavanagh*, 155 F.3d 129, 136 (2d Cir. 1998).

Aman sold certain diamonds<sup>1</sup> to Gold 7 by way of Secondhand Dealer’s Property Form Bills of Sales between January 2019 and March 2019. Gold 7 purchased the diamonds sold on the Secondhand Dealer’s Property Form Bill of Sales for fair value, in good faith, and was a buyer in due course of the diamonds that were not reported stolen at the time they were purchased by or to

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<sup>1</sup> To date, there is no evidence the diamonds that Aman sold to Gold 7 were in fact stolen from any of the Defendants or purchased with investor monies.

the Department of Law Enforcement or the Gemological Institute of America (“GIA”). As such, Gold 7 has an ownership interest in and legitimate claim to the diamonds that were purchased from Aman as well as any monies Gold 7 received from him when it sold Aman a diamond that he resold for a profit to a diamond dealer in New York, and is therefore immune from being named as a “relief defendant” in this action. *FTC v. IAB Marketing Associates, LP*, 2013 WL 11331001, \* 1 (S.D. Fla. 2013); *see, e.g., CFTC v. Kimberlynn Creek Ranch, Inc.*, 276 F.3d 187, 192 (4th Cir. 2002) (receiving funds as payment for services rendered to an employer constitutes one type of ownership interest and would preclude proceeding against the holder of the funds as a relief defendant).

### **Second Affirmative Defense**

As its Second Affirmative Defense, Gold 7 states that the diamonds that were purchased from Aman as well as the monies received from him between January 2019 and March 2019 when it sold a diamond to Aman, which he immediately resold, are not subject to disgorgement. District courts may only require disgorgement of the assets of a relief defendant upon a finding that it lacks a “legitimate claim.” *Walsh*, 618 F.3d at 226. “[A] good-faith purchaser for value may not be ordered to disgorge assets originating from a defendant’s ill-gotten gains.” *S.E.C. v. Spongetech Delivery Systems, Inc*, 98 F. Supp. 3d 530, 545 (E.D. NY 2014) (citations omitted). “[T]he primary purpose of disgorgement is not to compensate investors.” *Cavanagh*, 445 F.3d at 117 (citation omitted). Unlike damages, it is “a method of forcing a defendant to give up the amount by which he was unjustly enriched.” *Id.*; *see S.E.C. v. Brooks*, 2017 WL 3315137, \* 6 (S.D. Fla. 2017).

Gold 7 has not been unjustly enriched by Aman. Gold 7 purchased the diamonds from Aman between January 2019 and March 2019 in good faith without fraudulent intent and paid fair value for same. In addition, Gold 7 received one payment of Four Hundred and Thirty Thousand

Dollars (\$430,000.00) on March 13, 2019 from Aman when he purchased a diamond back from it for fair value, which he then resold for a profit. Because Gold 7 paid fair value for the diamonds it purchased from Aman in good faith and sold a diamond back in good faith without fraudulent intent and for fair value, which was then resold by Aman for a profit, this Court lacks the equitable power to require Gold 7 to disgorge such diamonds and monies. *See U.S. S.E.C. v. Universal Exp., Inc.*, 2009 WL 1835915, \* 1 (S.D. NY 2009); *S.E.C. v. Lauer*, 445 F.Supp. 2d 1362, 1369 (S.D. Fla. 2006) (the Eleventh Circuit has held that district courts “may not disgorge profits obtained without the aid of any wrongdoing”).

### **Third Affirmative Defense**

As its Third Affirmative Defense, Gold 7 states that it is a bona fide purchaser for value of the diamonds that were purchased from Aman between January 2019 and March 2019. It is a long-established general rule that “a thief cannot convey a good title to stolen property.” *U.S. S.E.C. v. Universal Exp., Inc.*, 2008 WL 1944803, \* 3 (S.D. NY 2008) (citation omitted). However, that rule admits of an equally long-established exception in the case of “money or negotiable securities transferable by delivery, which have been put into circulation and have come to the hands of bona fide holders.” *Id.* “The right of the owner to pursue and reclaim the money and securities there ends, and the holder is protected in his title.” *Id.*; *Regions Bank v. Provident Bank, Inc.*, 345 F.3d 1267, 1276 (11th Cir. 2003). Simply put, “one acting in good faith may obtain title to money from a thief.” *Id.* Similarly, a holder in due course of a negotiable instrument “stolen and negotiated by a thief” has superior title “even as against the real owner.” *Universal Exp., Inc.*, 2008 WL 1944803, \* 3 (citations omitted). Where property purchased with stolen funds (to which the thief has title) is then sold, the victim of the initial theft of the funds used to purchase the property in the first place has no recourse against a bona fide purchaser for value, and the bona

fide purchase takes good title to the property. *Id.* at \* 4; Fla. Stat. § 672.403(1); *see also* U.S.C. § 548(c). Because Gold 7 purchased the diamonds from Aman in good faith without fraudulent intent and for fair value, Gold 7 is the rightful owner of the diamonds.

#### **Fourth Affirmative Defense**

As its Fourth Affirmative Defense, Gold 7 states that it fully complied with Florida's statutory scheme to regulate "Secondhand Dealers and Secondary Metals Recyclers" when purchasing the diamonds from Aman. Fla. Stat. § 538.03, *et seq.* Each diamond purchased by Gold 7 pursuant to a Secondhand Dealer's Property Form Bill of Sales was reported to the Department of Law Enforcement, and not a single diamond was reported stolen. Gold 7 also sent each diamond purchased pursuant to a Secondhand Dealer's Property Form Bill of Sales to the Gemological Institute of America ("GIA"), and the GIA did not report any of the diamonds sent to it as being stolen. Additionally, the diamonds Gold 7 purchased from Aman pursuant to a Secondhand Dealer's Property Form Bill of Sales were held by Gold 7 for thirty (30) days as required by Florida law. *See* Fla. Stat. § 538.06.

#### **Fifth Affirmative Defense**

As its Fifth Affirmative Defense, Gold 7 states that the Plaintiff comes to Court with unclean hands. Specifically, Plaintiff knew about the alleged Ponzi scheme in 2018, yet it took no actions to stop it thereby allowing Gold 7 to purchase diamonds from Aman that it now claims were stolen. Plaintiff contacted a witness in 2018 and advised said witness that the Plaintiff was aware of the Ponzi scheme and that it was going to take action related to same in 2018. This never materialized. Moreover, each diamond purchased by Gold 7 pursuant to a Secondhand Dealer's Property Form Bill of Sales was reported to the Department of Law Enforcement. If the Plaintiff notified the Department of Law Enforcement of the diamonds they would have been reported

stolen by the Department and Gold 7 would not have been able to purchase the diamonds from Aman. The Plaintiff, by failing to do so, is in effect attempting to compensate the alleged victims of the Ponzi Scheme – at the expense of Gold 7 – since the SEC is attempting to disgorge diamonds and monies that Gold 7 has an ownership interest in and legitimate claim to under both state and Federal law, where its own actions (or inactions) were a contributing cause to the ability of Aman to sell diamonds that it now claims were stolen from the alleged investors. *See* Fla. Stat. § 672.403(1); *see also* U.S.C. § 548(c). In this regard, the SEC sues Gold 7 with unclean hands and it should not be permitted in equity to recover against Gold 7 when Gold 7 would never have purchased the diamonds had the SEC not failed to act in 2018 when it was advising potential persons with information that it was about to file claims against Aman and/or his companies.

**Right to Amend**

Gold 7 reserves the right to amend and provide additional affirmative defenses if and when they become known.

**WHEREFORE**, Relief Defendant, Gold 7 of Miami, LLC, respectfully requests that the Complaint be dismissed to the extent that it relates to Gold 7, that it be awarded attorney's fees and all costs if so permitted under the law, and any other relief that this Court deems just and proper.

By:                     /s/Aaron Resnick                    

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**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that on June 19, 2019, I caused a true and correct copy of the foregoing to be served via CM/ECF on all counsel of record listed below:

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Court Appointed Monitor

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By:                   /s/Aaron Resnick                    
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