UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

Case No. 9:19-CV-80633-ROSENBERG

SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,
v.

NATURAL DIAMONDS INVESTMENT CO.,
EAGLE FINANCIAL DIAMOND GROUP INC.
a/k/a DIAMANTE ATELIER,
ARGYLE COIN, LLC,
JOSE ANGEL AMAN,
HAROLD SEIGEL, &
JONATHON H. SEIGEL,

Defendants,

H.S. MANAGEMENT GROUP LLC,
GOLD 7 OF MIAMI, LLC,
WINNERS CHURCH INTERNATIONAL INC.
OF WEST PALM BEACH, FLORIDA,
FREDERICK D. SHIPMAN, &
WHITNEY SHIPMAN,

Relief Defendants.
_____/

DEFENDANT HAROLD SEIGEL'S AND RELIEF DEFENDANT, HS MANAGEMENT's MOTION FOR PROTECTIVE ORDER IN RESPONSE TO RECEIVER'S ALLEGED "RENEWED" MOTION TO COMPEL" [DE 219]

COMES NOW, Defendants, HAROLD SEIGEL, by and through undersigned counsel, and hereby files this, his Motion for Order of Protection in Response to Receiver's "Renewed" Motion to Compel Defendant, Harold Seigel, and Relief Defendant, H.S. Management comply with their Court Ordered obligations contained within Receiver's Court Ordered Response to Seigel's 'Notice of Settlement Status' [contained within DE 219] and as grounds therefore states as follows:

HISTORY

1. On June 26, 2020, Receiver filed a Motion to Compel compliance with TRO [DE 212].

2. In pertinent part, Defendants Verified Amended Notice of Compliance [DE 214], set forth the specific language of the TRO, Asset Freeze and Other Emergency Relief [DE 12] about which Defendant, Harold Seigel and Relief Defendant, HS Management, complied and about which Defendants warranted were produced to Receiver on Monday, 6/29/2020, to wit:

a) A sworn accounting of all funds (compensation, commissions, income including assets, shares or property) and other benefits (including provision of services of a personal or mixed business and personal nature) received directly or indirectly, ***from Aman* or received by H.S. Management;**
b) A sworn accounting of all assets funds or other property, real or personal, ***held by Aman or H.S. Management***, jointly or individually, or for its direct or indirect beneficial interest or over which it maintains control wherever situated, stating the location, value and disposition of each such asset, fund or property;
c) A sworn identification of all accounts (including but not limited to, bank accounts, savings accounts, securities accounts and deposits of any kind, and wherever situated) in ***which Seigel and H.S. Management*** (whether solely or jointly), directly or indirectly (including through a corporation, partnership, relative, friend or nominee), ***either has an interest or over which he has power or right to exercise control***;

[emphasis added]

Further, Defendant, Harold Seigel, individually, and on behalf of Relief Defendant, H.S. Management, attested that the information provided the Receiver on said date was truthful and accurate to the best of his knowledge and belief.

3. Upon Defendant's filing of the Verified Amended Notice of Compliance [DE 214], this Honorable Court entered an *Order dated July 1, 2020, deeming Receiver's Motion to Compel Moot* [See, DE 215 relating to DE 212].

4. On July 6, 2020, these Defendants filed a Notice of Settlement Status [DE 216] upon which this Court Ordered Receiver respond by July 8, 2020 [DE 217].

5. On July 8, 2020, within and part of the Receiver's Court Ordered Response to Defendants' Notice of Settlement Status, Receiver incorporated a "Renewed" Motion to Compel [219]. It is upon this "Renewed" Motion to Compel that Defendants herein Respond and seek an Order of Protection.

RESPONSE TO "RENEWED" MOTION TO COMPEL

6. Specifically, the above referenced Verification [DE 214] informed this Court as to the sworn nature of the accountings and identification of accounts, production of documents and information Defendants had previously submitted to the SEC, including through sworn deposition testimony of Defendants attended by counsel for the Receiver, in compliance with the TRO- which were produced to the Receiver as warranted above.

7. As part and parcel of Defendant's Verified Notice of Compliance [DE 214], Defendants set forth the ***specific*** language of the subject TRO Order [DE 12], emphasizing the material portions of the TRO Defendants affirmatively assert were complied with.

8. As the sole basis for Receiver's "Renewed" Motion to Compel, Receiver erroneously asserts the Defendants 'capitalized' on the 'existence' of typographical errors within the TRO in which Receiver asserts "this Court inadvertently referred to "Aman" rather than "Harold Seigel" in subparagraphs (a) and (b) above and otherwise insinuating it was this Court's "intent" that Harold Seigel make an accounting of the funds and assets *he* received and account for *his* disposition of any funds and account for *his* assets *"for his role in the fraud"* [See DE 219, "The Court's Order" on pp 3-4] where the SEC had not alleged nor contended these Defendants perpetrated the fraud or participated in the alleged fraud. Such reference and inuendo by Receiver that these Defendants had a "role in the fraud" is preposterous and downright contentious. This Receiver knows that neither Defendants, HAROLD or JONATHAN SEIGEL were ever charged by the SEC with Fraud or participation in the alleged Fraudulent scheme, nor were they ever charged with negligence for their involvement with the EAGLE or NATURAL "Investment". Had there been evidence of either, particularly after full discovery by the SEC, the SEC would have certainly amended its Complaint to assert such claims.

9. The undersigned, as an officer of the Court, represented compliance with the TRO and still maintains that posture. Defendants stand on its Verified Amended Notice of Compliance upon which filing this Court previously rendered Receiver's Motion Moot. Now, despite same, Receiver contends the TRO was incorrectly written, contained typographical errors, and that Defendants, while 'capitalizing' on the typos, somehow violated the TRO claiming Defendants knew or should have known the Court intended the Order to mean something other than what was actually ordered well over a year prior.

10. It is wholly improper and appalling that the Receiver would contend these Defendants *violated a court order* on the erroneous and highly speculative premise that Defendants "should have known" what the order was "supposed to say", or "should have said", or "what the Court intended" the Order to say; none of which it did. These Defendants provided everything requested, satisfied the inquiries of the Petitioner, SEC, and responded having complied with the TRO to letter of the law as ordered.

11. It should be well noted that the Defendants were not represented by counsel at the time of the TRO hearing. Once retained, the undersigned had several discussions with the SEC regarding what was needed to satisfy the TRO. In fact, the SEC indicated that it will take the deposition of both HAROLD SEIGEL and JONATHAN SEIGEL to gather information relative to their assets, involvement with the Receiver entities and reviewed multiple documents with these Defendants, attaching them as exhibits to their depositions, all the while the Receiver's counsel was in attendance, heard the Defendants responses to inquiries and had the opportunity to cross examine said Defendants. The SEC was satisfied with the documents and information provided by the SEIGELS. The undersigned has had countless conversations with the SEC and provided all information requested of them by the SEC without the need for the SEC to compel anything. The SEIGELS have provide an increased level of cooperation with both the SEC and the Receiver. The SEC has everything they need to make their determination and same was provided to the Receiver. The Receiver had been appointed to this case well over a year ago. The Receiver is in possession and control of all documents relative to the Receivership entities including their bank accounts and wire transfer information. The Receivers did not issue any of their own discovery or otherwise seek to subpoena documents from Defendants' bank accounts. Receiver was also made aware of their right to Notice these Defendants for deposition to direct testimony, yet they failed to take advantage of that opportunity. Likewise, Receiver failed to seek direct testimony of the SEIGELS through deposition, request for admission, interrogatories, or request for production. The Receiver cannot maintain that Defendant, HAROLD SEIGEL, violated a Court Order or otherwise failed to produce information or documents HAROLD SEIGEL was not under Court Order to produce. Furthermore, it's preposterous for this Receiver to assert the Court intended for the TRO to require Defendant, Harold Seigel, produce information and documents relating to monies he received "for his role in the fraud" when the

SEC did not allege or assert Defendant, HAROLD SEIGEL, perpetrated or even participated in the Fraud/Fraudulent Ponzi scheme.

12. The Receiver is not the Petitioner in this case and does not have a claim against Defendants HAROLD SEIGEL or JONATHAN SEIGEL nor does the Receiver have a claim against Relief Defendant, HS MANAGEMENT, through this SEC case. Likewise, the Receiver is not the Receiver over these Defendants. The Receiver said it best himself where he indicated there are no claims pending by the Receiver in this SEC case, he is not the plaintiff; he did not file this SEC action. Any claims the Receiver believes he may have against these Defendants would have to be brought as a separate claim in a separate action. The trial date, stay of trial pending the Commission approval of the consent judgement for disgorgement, civil penalty, and interest as against my clients and discovery deadline associated therewith relate to the claims brought by the SEC. The SEC has asserted its' intent to solely rely on its Collections Unit to collect on its judgment against these defendants. Any collection actions or attempts to usurp the role of the SEC collections unit by the Receiver, against these Defendants, would require prior approval of the SEC. (See Defendant's Notice of Settlement Status [DE 216], Receiver's Response to Defendant's Notice of Settlement Status [DE 219], and Defendant's Reply to Receiver's Response to Defendant's Notice of Settlement Status [DE 226] all incorporated by reference herein). The SEC has declined to authorize the Receiver to undertake to assess the current assets or otherwise seek to collect on the SEC's judgment against these Defendants. If the Court has any concern whatsoever as to these Defendants' compliance with the TRO, the Court should hold a hearing and hear from the SEC.

13. Receiver's Motion to Compel lacks sufficient merit or legal basis and should otherwise be denied as Moot.

MOTION FOR PROTECTIVE ORDER

14. The Receiver contends it is his role and duty to vet out the assets of the Defendants named in the suit by the SEC in order to determine whether assets received by these Defendants were deposited with third parties for Defendants direct or indirect benefit or otherwise determine whether Receiver has the makings of an ancillary claim against the Defendants to be brought in a separate action by said Receiver.

15. It should be noted the TRO was entered and Receiver appointed well over a year ago. The Receiver, with due diligence, should have conducted discovery or otherwise figured

out whether he has sufficient evidence to bring an ancillary claim against the Defendants by now. The Trial Order setting discovery cutoff as well as the Federal Rules of Evidence applies to the Receiver as it does any other person or entity involved in the claims brought by the SEC as Petitioner. The undersigned's impression of the tone and position of the Receiver's Court Ordered Response to Defendant's Notice of Settlement Status is both shocking and concerning. Rather than stating facts and simply indicating a waiver cannot be provided without discovery, the Receiver otherwise used his Response as a platform to 'personally' attack my clients and make erroneous contentions and inuendo.

16. Specifically, the Receiver improperly asserted that facts set forth in the preliminary injunction order were evidentiary "findings of fact" which were clearly not final in this case. At the preliminary TRO, the SEC presented one side of the case based on preliminary allegations prior to discovery. The SEIGELS have been most cooperative with the SEC. At the time of the TRO, the SEIGELS were not yet represented by counsel. They did not appear at the TRO hearing and did not present evidence. In fact, the SEIGELs agreed to the entry of the preliminary injunction with the understanding that they were not waiving any defense they had to the allegations. As such, it was improper for the Receiver to assert in its Response [DE 219] that this Court already has "evidence" of material facts when this case has not been to summary judgement, let alone a trial on the merits. In fact, to date, the Defendant has not had the opportunity to present counter evidence/argument to this Court on the preliminary allegations asserted by the SEC prior to discovery. In fact, should this case have proceeded to summary judgement or trial, there would not have been such "findings" as asserted by Receiver. This fact can be corroborated by Amie Berlin, Esq, lead trial counsel for the SEC.

17. It is alarming that the Receiver, who, was sought by the SEC and appointed by this Court to serve ***as a neutral participant*** in these proceedings is attacking the Defendants and making outrageous (defamatory and libelous) statements in pleadings, claiming this Court ordered HAROLD SEIGEL to do three things to account for the millions of dollars that *he* received *"for his role in the fraud"* [DE 219 pp 3-4]; claiming the SEIGELS refuse to confirm, under oath, that they do not still have any of 'that' money "*they received for their role in the Ponzi scheme"* [DE 219 p 8]; or in pleadings[DE 219 p 8] and to the press, calling my clients " the most defiant" SEC defendants he's ever witnessed, [See Exhibit A, Law 360 article quoting the Receiver attached] insinuating they have been obstructive when, in fact, they have been the

only defendants that have come forward and spent countless hours upon hours with the Receiver, assisting the Receiver in the location of assets, recovery of assets, review of recovered assets, providing pictures and actually providing the diamond industry valuation expert used by the Receiver in this case. The Defendants cooperation with the Receiver in this case is a fact well known to the SEC.

18. These Defendants have asserted and maintained to both the SEC and the Receiver that they have not transferred any funds or assets to third parties for their benefit and likewise have reported to both the SEC and the Receiver that the real property located in Colorado belongs to the wife of the Defendant. However, and for some unknown reason, the Receiver's Response and Motions to Compel are replete with insinuation that these Defendants are withholding information concerning their assets and refuse to provide sworn testimony when they submitted to deposition. Additionally, and for some unknown reason, Receiver continually references the Defendant's Wife's Colorado property and its purported valuation in pleadings, contending the Investors call and inquire on whether Defendant, HAROLD SEIGEL, "is going to deed over the property" to satisfy *his* debts when the Receiver knows the property is unencumbered and is solely owned by Defendant's wife, and has been since 2005. Despite having been informed to the contrary, Receiver erroneously contends he still doesn't know- "because of the Seigel's failure to comply with the TRO"- if the Colorado home is an asset or property held by HAROLD SEIGEL or for his direct or indirect benefit over which he maintains control. Nothing in the TRO required Defendant, HAROLD SEIGEL, to list this property and the SEC has been satisfied with the information provided by Defendant relative to the Colorado property and has indicated its intent to solely rely on SEC collections unit to vet out whether the Colorado property is an asset or property held by Defendant, HAROLD SEIGEL, for purposes of collection on its Judgement. What's more concerning is that these assertions, as well as assertions that the SEIGELS perpetrated a fraud or otherwise participated in the Ponzi scheme have found their way into publications in the State of Colorado and have been a source of embarrassment for the SEIGELS. To the extent this Court has concerns, the Court can certainly conduct a hearing and hear from Amie Berlin, Esquire, lead trial counsel for the SEC as to the SEC's corroboration of the Defendant's assertions and its reliance on its own collections unit to vet out the assets of the Defendants to satisfy its own judgment.

19. In the same light, and while not relevant to the Receiver's "Renewed" Motion to Compel, the undersigned has become alarmed and has cause for great concern where the Receiver has raise speculation that a 50ct G white round brilliant 'polished' diamond hosted on Lavish Auctions, LLC (a company owned and operated by SEIGEL'S wife) is the same diamond purported to serve as collateral for the Eagle Investment; when Receiver (and SEC) were clearly informed, months ago, (back in March 2020) that the diamond which served as collateral for the Eagle Investment was not the 50ct white polished diamond on Lavish Auction, LLC, but rather, was a 'rough' 50c D Flawless diamond, which when cut, would be reduced to half that size. (See Exhibit B: email string by and between SEIGEL and the Receiver where Receiver reportedly was satisfied with the Defendant's proffer). Moreover, the undersigned's client informed both the SEC and the Receiver that Defendant, AMAN, at or about the time Defendant, AMAN, consigned Diamonds to Relief Defendant, G7, Defendant AMAN had flown to NY to meet with a hedge fund for the purpose of selling diamonds, including the large white "rough" 50c diamond purported to be the subject diamond referenced as collateral for Eagle. t Status and Renewed Motion to Compel, concerning a 50 carat white diamond Receiver asserts purportedly served as collateral for the investment in Eagle, is the same diamond presently listed for auction through Lavish Auctions, LLC., (a company owned and managed by SEIGEL's wife)[1]. To bring this up now, particularly in light of prior communications dispelling the concern to the Receiver and the Receiver accepting Defendant's proffer, serves only to wrongfully discredit these Defendants in the eyes of the Court and Investors, wrongfully malign them, impede their ability to obtain a fresh start in the business they cultivated prior to being lured by AMAN to participate in the unregistered security and otherwise make Investors think they are part of the fraud and link Lavish Auctions to the SEC case against HAROLD SEIGEL.

20. It is unclear what is fueling the personal issues this Receiver has with the Defendants. Perhaps it relates back the those legal entities who served as Plaintiff's attorneys against my clients in the Rounds case who brough the Receiver in as corporate monitor in the case before Judge Middlebrook; these legal entities having now been brought on to assist the

[1] It is puzzling as to why the Receiver would bring to the Court and Investors attention the auction business known as "Lavish Auctions, LLC" when neither the SEC or the Receiver had any objection to the Defendant, HAROLD SEIGEL, attempting to work during the pendency of the suit in order to earn a living; provided the business did not involve an "unregistered security" (per the SEC) or involve the assets or property of any "Investor" of Eagle, Natural or Argyle (per the Receiver).

Receiver in this SEC against my clients. This Receiver asked to be appointed by the SEC. The Receiver's role is to be neutral and serve the interests of the Court. The Receiver said it best himself where he indicated there are no claims pending by the Receiver in this SEC case, he is not the plaintiff; he did not file this SEC action. Any claims the Receiver believes he may have against these Defendants would have to be brought as a separate claim in a separate action. The trial date, stay of trial pending the Commission approval of the consent judgement for disgorgement, civil penalty, and interest as against my clients and discovery deadline associated therewith relate to the claims brought by the SEC. The SEC has asserted its' intent to solely rely on its Collections Unit to collect on its judgment against these defendants. Any collection actions or attempts to usurp the role of the SEC collections unit by the Receiver, against these Defendants, would require prior approval of the SEC. (See Defendant's Notice of Settlement Status [DE 216] incorporated herein by reference). The SEC has declined to authorize the Receiver to undertake to assess the current assets or otherwise seek to collect on the SEC's judgment against these Defendants. This can be corroborated by Amie Berlin, Esquire, trial counsel for the SEC.

21. The Receiver continually and repeatedly asserts within its Response that the documents requested are necessary for the Receiver to assess whether to provide these Defendants a Release or Waiver. It is seemingly disingenuous that Receiver would thereafter express to the undersigned his intent to proceed on this, his "Renewed" Motion to Compel- even assuming Defendant should abandon its desire for a waiver/global settlement-on the stilted contention that Defendants violated what they "should have known" the order or "intention of the Court" to mean something other than the plain wording of the execute Order itself. As such, the Receivers continued attempts to further discovery in this vein is irrelevant, is not reasonably calculated to lead to any admissible evidence and, therefore, should be eradicated.

22. Furthermore, the actions of this Receiver have been outrageous and totally reprehensible, having unnecessarily and irresponsibly ignited and fueled the ire of the Investors by having claimed my clients, through pleadings (sent to the Investors by the Receiver), "had a role in the fraud and Ponzi scheme" and, through the media, exercised and perpetrating a smear campaign wrongfully calling my clients "defiant" as if they were orchestrating a grand illusion to elude collection, hide or cover up assets when the Receiver knows my clients to be the only parties to have cooperated with the Receiver, spending countless days and hours going over

documents, accounts, assets and even providing Receiver with the name of the expert the Receiver hired to value the recovered diamonds. The undersigned is concerned the Receiver has proven unable to function as a neutral fiduciary, has wrongfully defamed and maligned these Defendants resulting in loss of income and business, and has otherwise failed to discharge his duties for which he was appointed with diligence during the time frames afforded all parties for discovery in this cause. It is quite troubling the Receiver would conduct himself in this fashion.

23. Any claim that these Defendants failed to comply with or otherwise violated the TRO lacks merit. These Defendants responded fully and accurately to the TRO. The SEC is satisfied with the cooperation of these Defendants in providing their testimony and documentary evidence requested of the SEC sufficient for them to come to a resolution of the claim brought against them for failing to register the investment with the SEC. Upon entry of final judgement, the SEC shall be referring this matter to the SEC collections unit to vet the assets of the Defendants to satisfy the judgment and collection thereof without additional cost or expense to the Investors. As such, any further discovery is irrelevant to the resolution of the SEC claim and not reasonably calculated to lead to admissible evidence as the amount of disgorgement, civil penalties and pre judgement interest has already been assessed by the SEC.

24. Defendant sought and was granted an extension of time until 7/27/2020 to file its Response to Receiver's "Renewed" Motion to Compel. Defendant's counsel has become involved in matters requiring immediate attention which has effectuated a delay in Defendant's counsel from being able to complete the Response by 12 midnight on 7/27/2020. Defendant's counsel has been working clear through the night to complete its Response and seeks this Court accept its late filing as having been filed prior to the start of business the morning of 7/28/2020.

WHEREFORE, and for all the forgoing reasons, Defendants, HAROLD SEIGEL, JONATHAN SEIGEL and Relief Defendant, HS MANAGEMENT, LLC., seek the entry of an Order declaring the Receiver's "Renewed" Motion to Compel to be legally insufficient and otherwise denied as Moot and enter an Order of Protection gagging the Receiver from further defaming and maligning the Defendants, either through pleadings or the media, contending Defendants violated a court order, played a role in the Fraud or Ponzi scheme, intentionally sought to conceal assets from the Receiver and prohibit Receiver from taking further action in any attempt to usurp the role of the SEC collections unit causing unnecessary fees and costs to the Investors.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a copy of the foregoing Response to Receiver's "Renewed" Motion to Compel Notice has been eserved via CM/ECF on all counsel of record listed below this 28th day of July 2020.

Respectfully submitted,

/EK/

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Defendant, Jose Aman
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c/o Jean Marquez
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From: harold@lavishauctions.com,
To: ellenkaplanesq@aol.com, wendydohner@yahoo.com, jonathan@rarecoloreddiamonds.com,
Subject: Fwd: Diamond auction
Date: Thu, Jul 9, 2020 7:17 pm

Hi Ellen,

Please see below, a string of emails discussing the 50ct white diamond.

---------- Forwarded message ---------
From: **Ellen** <ellenkaplanesq@aol.com>
Date: Tue, Mar 3, 2020 at 8:16 PM
Subject: Re: Diamond auction
To: Berlin, Amie R. <BerlinA@sec.gov>
Cc: Schmidt, Linda S. <SCHMIDTLS@sec.gov>, WENDY Dohner <wendydohner@yahoo.com>, Harold Seigel <harold@rarecoloreddiamonds.com>

Amie:
Both you and Jeff were made aware that Harold was engaging in his original business auctioning diamonds. The "Investment" 50 carat white was a rough uncut diamond whereas the subject 50 carat piece being auctioned is a finished polished diamond that belongs to a dealer in the Middle East. My client is not auctioning any diamonds that belong to or which have any connection to Eagle, Natural or Argyle or the investors involved in this case.

Thanks,
Ellen

Sent from my iPhone

> On Mar 3, 2020, at 6:42 PM, Berlin, Amie R. <BerlinA@sec.gov> wrote:
>
> Hi Ellen,
>
> We were alerted that Harold might be auctioning a diamond or diamonds. Can you please check with him and let me know?
>
> One of the diamonds alleged to be at auction is a 50-carat white diamond. A diamond matching that description was used by Eagle in investment agreements, promising investors ownership in it. Can you inquire and let me know if a 50-carat white diamond is being auctioned by him right now, and whether there are any other diamonds being auctioned?
>
> Thanks,
> Amie

https://www.law360.com/articles/1289498

Receiver Accused Of Holding Up SEC Deal In Ponzi Suit

By **Nathan Hale**

Law360 (July 6, 2020, 10:47 PM EDT) -- Defendants in a U.S. Securities and Exchange Commission suit over an alleged $30 million Ponzi scheme told a Florida federal court Monday that a receiver for companies involved in the case is holding up their settlement with the government, but the receiver said he is just trying to do his job.

Father and son business partners Harold and Jonathan H. Seigel and HS Management LLC have reached an agreement with the SEC to pay disgorgement of all the money they received from diamond merchants Natural Diamonds Investment Co. and Eagle Financial Diamond Group Inc., and purported cryptocurrency venture Argyle Coin LLC, as well as civil penalties and prejudgment interest, according to their filing. But their counsel wrote that she cannot advise them to sign off on the deal if they are going to have to turn around and relitigate the same issues with the companies' receiver.

In a notice that asks the court to hold a hearing on the SEC settlement, attorney Ellen M. Kaplan asserted that the receiver, attorney Jeffrey C. Schneider of Levine Kellogg Lehman Schneider & Grossman LLP, is overstepping his court-appointed duties with his threat of further litigation, which she contended Schneider has said is prompted by lack of faith in the SEC's ability to collect on its deal. She also suggested that the receiver failed to use the discovery period he was provided and has been dragging his feet on whether to file suit.

"Remaining indecisive, the receiver is forcing these defendants to litigate against the SEC knowing they signed a consent judgment and do not wish to litigate," Kaplan wrote. "Aware of all this, the receiver is playing a cat-and-mouse game with all involved."

Schneider said Monday that he is being asked to provide a release so the SEC's tentative settlement with all of the defendants would be global and he has merely requested basic information from the Seigels as part of his due diligence.

"I'm just trying to get information from the Seigels so I can make an informed decision about the release that I'm giving and the claims that I would be giving up," he told Law360, adding, "So I am actually being criticized for doing my job."

Schneider described the Seigels as possibly the most defiant defendants he has ever encountered and disputed several of the points in their filing. He said the referenced discovery deadlines do not apply to him and that the claims he could potentially bring — for fraudulent transfer and breach of fiduciary duty to the investors — are different from the SEC's claims.

Howard Seigel received $3.8 million from the alleged scheme, Schneider said, but the receiver has not received bank account information to show how that money was spent or whether the defendants still have some of it.

Schneider said he has no doubt the SEC's collections unit "does a wonderful job" but added that there is an issue of timing for the investors, many of whom are elderly. He said he

wants to determine what funds are still out there — including potentially with third parties — which might be captured by an asset freeze the court granted the SEC.

"Consent judgments don't put food on the table, and I understand that," he said of his discussions with investors. "They want to know, as do I, where the money went."

The SEC **claimed** in its suit, which was filed under seal on May 13 in West Palm Beach, Florida, and unsealed about a week later, that more than 300 investors in the United States and Canada were duped into sinking money into Natural Diamonds, Eagle Financial and Argyle between 2014 and 2018 based on false promises.

The SEC accused the three companies and defendant Jose Angel Aman of several securities fraud violations, and all defendants, including Harold and Jonathan Siegel, of selling unregistered securities, according to the complaint. The suit also named several parties, including HS Management, as relief defendants who received some of the ill-gotten funds.

According to the complaint, Aman is the president of Natural Diamonds, which he co-owns with both Seigels, and is the sole officer and owner of Argyle Coin. Harold Seigel is the president of Eagle Financial, but the Seigels and Aman disagree about which of them owns that company. Jonathan Seigel also acted as secretary for Natural Diamonds, the filing said.

The elder Seigel is also the host of a Canadian radio show called "World Financial Report," which he used to solicit potential investors for the scheme, according to the complaint.

Aman, Harold Seigel and the diamond companies misappropriated $10 million for spending on personal expenses, such as horses, riding lessons, payments to Aman's church and pastors, and shopping sprees at Gucci, the SEC claimed.

In Monday's filing and in an email to Law360, Kaplan said that her clients are "very sympathetic" to the victims of the Ponzi scheme and that they have cooperated with the SEC. Further discovery requests or litigation from the receiver would be frivolous, she said.

"The SEC didn't charge my clients with engaging in any fraud. That's because they didn't engage in any. The charge brought against them was for 'failure to register' with the SEC, and nothing more," Kaplan said. "They have agreed to pay back all of the monies they had received from the receivership entities (Eagle, Natural and Argyle) for the benefit of the investors; which is largely comprised of their family, friends and longstanding clientele."

The SEC is represented in-house by Amie Riggle Berlin and Linda Salup-Schmidt.

Argyle, Natural Diamonds and Eagle Finanical are represented by Jeffrey C. Schneider of Levine Kellogg Lehman Schneider & Grossman LLP.

The Seigels and H.S. Management Group are represented by Ellen M. Kaplan of the Law Office of Ellen M. Kaplan PA.

The case is SEC v. Natural Diamonds Investment Co. et al., case number 9:19-cv-80633, in the U.S. District Court for the Southern District of Florida.

--Additional reporting by Reenat Sinay. Editing by Steven Edelstone.