

**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.,
et al.,

Defendants,

H.S. MANAGEMENT GROUP LLC, et al.,

Relief Defendants.

**ORDER GRANTING RECEIVER'S UNOPPOSED
MOTION TO APPROVE CLAIMS PROCEDURE FOR DISTRIBUTIONS**

THIS CAUSE came before the Court upon the Receiver's Unopposed Motion to Approve Claims Procedure for Distributions (the "Motion") [DE 293]. Having reviewed the Motion and the record in this case, and being otherwise advised in the premises, the Court finds the Motion is in the best interests of the Receivership Estate. Accordingly, it is hereby **ORDERED AND ADJUDGED** as follows:

1. The Receiver's Motion is **GRANTED**.
2. The proof of claim form attached to the Motion as Exhibit A is **APPROVED**. The claim form shall be distributed to all known potential claimants by U.S. Mail (or air mail for foreign claimants) and posted on the Receivership website at: www.naturaldiamondsreceivership.com.
3. The distribution procedures are also approved. The distributions to holders of allowed claims shall be a pro rata percentage of the total distribution amount, based on the

following formula: the amount of the net allowed claim divided by the total amount of filed claims multiplied by the total distribution amount.

4. The Receiver shall set a Claims Bar Date of ninety (90) days after the proof of claim forms have been distributed by the Receiver and posted on the Receiver's website.

5. As soon as reasonably practicable after the Claims Bar Date, the Receiver shall file a motion to approve a distribution to holders of allowed claims, which may differentiate between various classes of investors and/or non-investor creditors. The motion shall be served on the claimants at the address identified on the claim form.

6. The Receiver shall simultaneously file objections and/or counterclaims to claims (or parts thereof), following the Objections Procedure outlined below:

(i) The holders of allowed claims will be paid upon an Order from this Court granting the motion for distribution. Payments will be made by check and must be cashed within ninety (90) calendar days, absent which the uncashed checks will be deemed "unclaimed funds" available for distribution to other investors and the claim will be deemed waived (unless exigent circumstances exist);

(ii) The holders of claims to which the Receiver has objected and/or counterclaimed will have forty-five (45) calendar days from the date of service of the objections and/or counterclaims within which to cure the deficiency and/or to respond to the objection or counterclaim. Such written responses must be served by email (naturaldiamondsreceivership@lkls.com) or U.S. Mail on the Receiver, c/o Ana Salazar, Receivership Administrator, at Levine Kellogg Lehman Schneider + Grossman LLP, 201 South Biscayne Boulevard, 22nd Floor, Miami, FL 33131. If a claimant cures the deficiency or otherwise settles with the Receiver, the Receiver will deem the claimant a holder of an allowed claim and will immediately pay the claimant his or her distribution amount without further Order from this Court. If a claimant does not cure, the claimant's claim will be deemed a "disputed claim." Also, if a claimant does not respond within the time provided, the Receiver's objections and/or counterclaims will be deemed sustained and adjudicated with prejudice, and the claim will be treated in accordance with the Receiver's objections and/or counterclaims. The Receiver will file periodic status reports with this Court as to claimants who have cured (and who have been paid their distribution amount), claimants who have responded but have not adequately cured (*i.e.*,

“disputed claims”), and claimants who have not responded (and whose claim will be treated in accordance with the Receiver’s objections);

- (iii) After a response is served on the Receiver, the claimant and the Receiver will have sixty (60) calendar days to engage in “good faith” discussions to attempt to resolve the issues or to obtain any additional information that may be needed to file dispositive motions regarding the objections and/or counterclaims. Any discovery and/or dispositive motions will be resolved by this Court in a summary proceeding; and
- (iv) At the conclusion of the foregoing period, the Receiver will file a status report regarding any pending objections or counterclaims and a proposed procedure for handling any remaining “disputed claims.”

7. The Receiver is authorized to use his discretion to set a reserve and the amount of any such reserve to be used for the ongoing costs of administering the estate and for handling “disputed claims.”

DONE and ORDERED in Chambers at West Palm Beach, Florida on this 27th day of May, 2021.



ROBIN L. ROSENBERG
UNITED STATES DISTRICT JUDGE

Copies to Counsel of Record