

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA
(Palm Beach Division)

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.

**RECEIVER'S UNOPPOSED MOTION FOR
ENTRY OF ORDER AUTHORIZING FIRST AND FINAL DISTRIBUTION AND
APPROVING RECEIVER'S RECOMMENDED DISPOSITION OF CLAIMS**

Jeffrey C. Schneider, not individually, but solely in his capacity as the Court-appointed receiver (the "Receiver") for Natural Diamonds Investment Co ("NDIC"), Eagle Financial Diamond Group ("EFDG"), and Argyle Coin, LLC ("Argyle," and, together with NDIC and EFDG, the "Receivership Entities"), pursuant to this Court's May 27, 2021 Order Granting Receiver's Unopposed Motion to Approve Claims Procedure for Distributions [D.E. 296], requests entry of an order authorizing the Receiver to make his first and final distribution of approximately \$2,384,057.11¹ to the claimants with allowed claims in the attached Class 1 Claims Matrix (**Exhibit A**) and Class 2 Claims Matrix (**Exhibit B**) as set forth below, with reserves for taxes, objections, and administration as noted herein, and approving the Receiver's proposed disposition of such claims per the Matrices.

¹ While this amount may slightly increase due to the sale of additional rough diamonds that were not sold during the auction or because of the IRS's waiver of tax penalties, it will not decrease.

INTRODUCTION

The Receiver is duty-bound to marshal, preserve, and maximize the assets of the Receivership Entities for the benefit of aggrieved investors and creditors. [D.E. 20]. The Receiver seeks to fulfill this charge by monetizing all assets of the Receivership Entities and, with those funds, making distributions to those investors and creditors with allowed claims. In furtherance of this goal, the Receiver sought and obtained the Court's permission to establish a claims procedure for distributions (the "Claims Procedure"). [D.E. 293; D.E. 296]. The Receiver then sent out over 350 claim forms to potential claimants via mail and email and posted the form, along with information about the Claims Procedure, on his Receivership website. In response, he received 213 claim submissions.

The Receiver and his professionals have now reviewed each of the claims received pursuant to the Claims Procedure and, in many cases, communicated with the claimant to seek additional information, documentation, or clarification regarding the nature of their claim. Because of the length and nature of the Defendants' fraudulent investment scheme, a significant share of the claims received suffered from lack of clarity, incomplete information, overstated investments, understated returns, lack of supporting documentation, being based on alleged investments in or transactions with non-receivership entities, and many other reasons. The Receiver believes that most of these deficiencies by the claimants were caused by confusion on how to calculate their claim, inability to remember the specifics as to their investment or locate years-old documentation, or a misunderstanding of the nature of their investment.

Accordingly, instead of filing objections to the many claims that were deficient or otherwise objectionable claims, the Receiver found it most equitable and efficient to simply communicate with the claimants who submitted problematic claims. While this approach may have delayed the submission of this Motion, its overall effect will be to facilitate and expedite full

distribution of Receivership Assets, without having to engage in potentially costly objection proceedings and minimizing the possibility that claimants with meritorious claims are denied relief for an innocent mistake. In other words, the Receiver front-loaded the resolution process so that he could present the Court with a clear picture of the allowed claims, while avoiding objections and multiple rounds of partial distributions.

As a result of these efforts, the Receiver is pleased to report that, of the 213 claims received, he objects to only two claims. The remainder of the claims were either approved upon initial review, approved after receipt of supplemental information or documents from the claimants, voluntarily withdrawn by the claimants, adjusted or reduced with the consent of the claimants, or designated as Class 2 Claims (described below). The Receiver therefore submits that over 99% of the claims submitted should be approved as set forth in the attached Matrices and receive distributions per the distribution scheme explained below.

THE COURT-APPROVED CLAIMS PROCEDURE

Pursuant to the Claims Procedure, the Receiver was authorized to distribute the approved claim form to all known potential claimants by mail and by posting it on the Receivership website (www.naturaldiamondsreceivership.com). The Receiver had identified three general claimant types: (i) investors in the Receivership Entities; (ii) diamond or jewelry owners who entrusted jewelry to the Receivership Entities or their principals and who did not, for whatever reason, receive their pieces back and those pieces could not be found (because they were used or sold in furtherance of the scheme); and (iii) possible creditors of the Receivership Entities. The claim form required, among other things, identification of the amount of investment/indebtedness and the amount of any pre-receivership payments or items of value received from the Receivership Entities. The claim form also required the inclusion of supporting documentation to verify the amounts transferred into the Receivership Entities, the structure or nature of the investments or

debt, and the money or assets returned to the claimant on account of that investment or debt. The approved proof of claim form and the supplemental documentation required of claimants were thus intended to confirm the amount and nature of such claims, along with any setoffs or reductions (*i.e.*, returns on investment). Pursuant to the Claims Procedure, the Receiver set the claims deadline as September 30, 2021.

As discussed in the motion seeking the Claims Procedure and in the Receiver's letter to potential claimants, payments or items received by claimants served to reduce their principal claim amount, resulting in a net claim amount for each investor. Using those net claim amounts, the Receiver must calculate the pro rata share of distributions to claimants with allowed claims. This pro rata percentage determines each claimant's distribution from the total distribution amount. The Claims Procedure also gives the Receiver discretion to differentiate between and among classes of investors and/or creditors when seeking distributions.

The Claims Procedure also includes an "Objections Procedure" for claims that the Receiver disputes. Upon service of objections and/or counterclaims to submitted claims, the claimants have forty-five (45) days within which to cure the deficiency or respond to the objection or counterclaim. If a claimant does not respond within this period, the Receiver's objection and/or counterclaim is deemed sustained and adjudicated with prejudice in accordance with the Receiver's position. If the claimant cures or settles the claim with the Receiver, the Receiver may pay the claimant their distribution without further order of the Court. If, however, the issue is not cured or resolved within this period, it is deemed a "disputed claim," and the Receiver has sixty (60) days to attempt to resolve the issue, absent which the Court will adjudicate the claim through summary proceedings.

The Claims Procedure requires distributions to claimants with allowed claims within ninety (90) days of an order granting a motion for distribution, such as the one requested here. For claims

that are deemed disputed, the Receiver is authorized to withhold Receivership funds, or reserves, to account for ongoing costs of administering the estate and in the event disputed claims are later deemed allowed claims. However, this process allows for the possibility that, if many large claims are subject to objection and deemed disputed claims, the Receiver would have to maintain significant reserves for many weeks or months while those claims were resolved or adjudicated. And, if reserves were not later used to pay disputed claims that were eventually allowed, the Receiver would be left with excessive Receivership funds and have to make additional distributions. This would delay the full distribution of Receivership assets to the claimants with allowed claims. For this reason as well, the Receiver and his team worked to resolve as many issues with claims as possible before filing this Motion.

THE RECEIVER'S PROPOSED DISPOSITION OF THE CLAIMS

The Receiver and his team received and reviewed 213 claims totaling approximately \$39 million in alleged loss (before the adjustments noted below). These claim submissions were often voluminous and described unique investment/re-investment structures, thus complicating the Receiver's analysis. The Receiver's team also found that approximately one-third of the claims were subject to objection for one or more reasons. As indicated above, submitting a motion for distribution at that juncture would have required the Receiver to hold back a significant amount in reserves and commence the Objection Procedures with these many dozen claimants. The Receiver instead directed his team to reach out to the claimants with problematic submissions to resolve as many issues as possible.

This resulted in substantial email and phone exchanges with claimants. These claimants were asked to provide supplemental documentation or information or, sometimes, to resubmit complete and/or sworn claim forms. In cases where the claimants clearly were not entitled to the total amount claimed, the Receiver's team asked them to consent to adjustment or withdraw their

claim in full. These efforts paid off, as the Receiver was able to resolve the issues with all but two of the claimants. The Receiver therefore asks the Court to approve the disposition of the claims discussed below, permit distributions according to the claims' calculated pro rata shares, and, after the time period(s) prescribed in the Objections Procedure, disallow the two other claims.

A. Class 1 Claims: The Investor Claimants with Liquidated Claims

As the Court is aware, the most common form of investment into the Receivership Entities was through the sale of securities—notes or other investment contracts providing for a guaranteed return and/or purportedly secured by diamonds. The vast majority of the claims submitted stated investment losses arising out of these types of investments. Using the information and documentation collected through the Claims Procedure,² the Receiver was able to determine the net claim amount for these claimants by simply subtracting the claimant's investment return(s) from their total transfer(s) into the Receivership Entities. In some cases, the information and documentation suggested that the claimant had overstated their transfers into the Receivership Entities or understated their returns. The Receiver was nonetheless able to resolve these discrepancies by requesting additional documentation to prove the claimant's figures or by obtaining the claimant's consent to adjust their claim accordingly.

The Receiver refers to these approved or adjusted claims as "Class 1 Claims," which total \$27,295,591.12 in proposed allowed claims. The Receiver asks the Court to approve the disposition of these claims consistent with the Class 1 Claims Matrix.³

B. Class 2 Claims: The Non-Investor Claimants with Unliquidated Claims

² Where information or documentation was lacking, the Receiver's team also looked to the Receivership Entities' hard copy files and electronic data to verify claim amounts.

³ To protect the identity of the claimants, the Receiver has removed the names of the investors on the Claims Matrices. Each claim remains identifiable by a Claim Number.

Unlike the Class 1 Claims discussed above, which the Receiver was able to liquidate by looking to the sworn submissions or other documents, various individuals and companies submitted claims that were not based on clearly ascertainable investments or debts and/or subject to defenses, setoffs, or counterclaims based on their prior dealings with the Receivership Entities. As discussed elsewhere in this Motion, many of these claims were later clarified, refined, or withdrawn altogether.

However, two of these submissions state prima facie claims against the Receivership Estate as creditors but are (i) inapt for computation without resolving issues of fact and (ii) subject to various defenses and counterclaims identified by the Receiver. The Receiver believes separate treatment of these claims is equitable because they are unlike the liquidated and undisputed Class 1 Claims, but they do, in the Receiver's judgment, suggest that the Receivership Entities may be held liable for at least some of the alleged debt in contract or tort. As a result, the Receiver moved these claims, which total \$2.7 million, off the Class 1 Claims Matrix and designated them as "Class 2 Claims" on a separate Matrix and for separate distribution. The Receiver has conferred with counsel for these claimants, who do not oppose designation of their claims as Class 2 Claims.

The Receiver therefore asks the Court to approve the disposition these claims in accordance with the Class 2 Claims Matrix. As discussed below, these allowed claims will be entitled to a distribution of Receivership assets but will share in a separate and smaller distribution amount allocable to the Class 2 Claims.

C. Withdrawn Claims and Objections to Certain Claims

As noted above, various individuals and entities asserted claims not based on any cognizable investment or debt with the Receivership Entities or, in their claim forms, acknowledged receiving more in returns than their actual investments (*i.e.*, net winners). Fortunately, after the Receiver's team explained the contours of the Claims Procedure to these

claimants, they voluntarily withdrew their claims. These withdrawn claims are included on the Class 1 Claims Matrix, and the Receiver asks the Court to approve this disposition as well.

Two of the claims listed in the Class 1 Claims Matrix (Claimants 106 and 141), however, were not voluntarily withdrawn and are subject to an objection by the Receiver. These claims both allege losses arising out of purchases of diamonds or jewelry (i) from non-receivership entities (ii) from 2007 to 2009, and (iii) pursuant to which the claimants received the subject diamonds or jewelry. These claimants appear to seek a refund for their decade-old purchases because the diamonds or jewelry were not worth the stated purchase price. The Receiver does not consider these to be appropriate claims because the sale of overpriced jewelry is not a loss contemplated by the Claims Procedure and cannot be readily ascertained based only on invoices. Moreover, even if these were cognizable claims, they are not based on direct dealings with, or investment of money into, the Receivership Entities.

These two claims are further problematic because they failed to include an email address or telephone number to facilitate communication with the Receiver.⁴ The Receiver's only option to communicate with these claimants was to write them letters asking them to contact the Receiver's team, but the Receiver has not received a response. Accordingly, the Receiver objects to these two claims and asks the Court to disallow them pursuant to the Objections Procedure.

PROPOSED DISTRIBUTIONS TO THE CLASS 1 AND CLASS 2 CLAIMANTS

A. The Proposed Pro-Rata Distributions and Reserves

The Receiver is presently holding \$2,446,057.11 in funds for the benefit of the Receivership Entities. The Receiver recommends distributing \$2,319,057.11 to the Class 1

⁴ One of these claims includes an email address, but it is illegible. The Receiver's team tried many variations using the letters they could decipher, but these attempts failed as they all generated bounce-back responses from the email servers.

Claimants and \$65,000 to the Class 2 Claimants, for a total distribution of \$2,384,057.11. Because this proposed distribution seeks to deploy almost all of the Receivership assets, the Receiver intends this distribution to be the only distribution in this case.

Pursuant to the Claims Procedure, the Receiver's proposed distribution for each Class of claimants uses the following formula to calculate the pro-rata amounts to be distributed the claimants:

$$\text{[Amount to be Distributed]/Total Amount of Claims} = \textit{Pro rata amount}$$

As to the Class 1 Claims, the proposed claim treatment and distribution amount discussed above would result in the following formula to calculate each claimant's distribution:

$$\text{\$2,319,057.11}^5/\text{\$27,497,491.12} = \text{Pro-Rata Distribution of 8\%}$$

$$\text{Amount of Allowed Claim X 8\%} = \text{Class 1 Claimant Check Amount}$$

As to the Class 2 Claims, the proposed claim treatment and distribution amount discussed above would result in the following formula to calculate each claimant's distribution:

$$\text{\$65,000}/\text{\$2,700,000} = \text{Pro-Rata Distribution of 2\%}$$

$$\text{Amount of Allowed Claim X 2\%} = \text{Class 2 Claimant Check Amount}$$

B. Distribution Checks and Notice of Objections

Upon the entry of an Order from this Court approving the Receiver's recommended treatment and disposition of the Class 1 Claims and Class 2 Claims discussed below, the Receiver will process and mail distribution checks in accordance with the calculations above. The distribution check will be sent to each claimant by U.S. Mail to the same address indicated on the claim submission (unless a claimant provided the Receiver with an updated address).

To facilitate the prompt administration and closure of the Receivership, and pursuant to the

⁵ To the extent the Receiver is able to obtain more funds from the sale of the remaining jewelry that did not sell at auction, then this numerator may increase. The point is that the numerator will be the total amount to be distributed.

Claims Procedure, the Receiver recommends that each distribution check be valid for 90 days from its issuance. The distribution checks will clearly state that the checks are valid for a 90-day period. If any distribution checks are not cashed within 90 days from their issuance, the checks will automatically be voided, and the funds will be deemed unclaimed and forfeited.

As for the two claims subject to the Receiver's objection, as indicated on the Class 1 Claims Matrix, the Receiver will serve a copy of this Motion and a letter explaining the objection to each claimant by U.S. Mail to the same address indicated on the claim submission. The Receiver will then follow the Objections Procedure and update the Court accordingly. The Receiver proposes to reserve the pro rata amount that would be payable to those claimants, if the objection is overruled. The Receiver calculates a reserve for those two claims in the amount of \$16,152, which is 8% of the combined claims of \$201,900.

C. Reserves

The proposed distribution would result in \$78,152 in reserves held by the Receiver to cover the ongoing costs of administration (\$45,183.42), to account for the two claims subject to the Objections Procedure (\$16,152), and includes \$16,816.58 reserved for pre-receivership tax penalties for which the Receiver has requested a waiver. The Receiver believes this amount is reasonable in light of the remaining tasks in this Receivership.

CONCLUSION

The Receiver respectfully requests that this Court enter the proposed Order, attached as **Exhibit C**, approving the proposed distribution of Receivership assets and the disposition of claims as set forth above, and for such other relief that is just and proper.

LOCAL RULE CERTIFICATION

Pursuant to Local Rule 7.1(a)(3), the Receiver hereby certifies that he has conferred with counsel for the SEC, the only remaining party to the case, and the SEC has expressed no objection

to the proposed distribution. Other than the two claimants against whom the Receiver is lodging an objection, the Receiver has spoken to virtually every other claimant and believes that those Claimants also favor this proposed distribution.

Dated: April 14, 2022

Respectfully submitted,

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CERTIFICATE OF SERVICE

I hereby certify that on April 14, 2022, I electronically filed the foregoing document with the Clerk of the Court using CM/ECF. I also certify that the foregoing document is being served this day on all counsel of record or pro se parties identified on the attached Service List in the manner specified, either via transmission of Notices of Electronic Filing generated by CM/ECF or in some other authorized manner for those counsel or parties who are not authorized to receive electronically Notices of Electronic Filing.

By: /s/ Stephanie Reed Traband
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EXHIBIT A

EXHIBIT A

Claim No.	Amount Invested/Claim	Investment Returns	Disposition	Claim Amount	Claim Date (Postmark/Email)
1	\$ 500,000.00	\$ 490,000.00	Approved	\$ 10,000.00	6/2/2021
2	\$ 25,000.00	\$ -	Approved	\$ 25,000.00	7/29/2021
3	\$ 216,250.00	\$ -	Approved	\$ 216,250.00	7/22/2021
4	\$ 150,000.00	\$ 18,000.00	Approved	\$ 132,000.00	7/23/2021
5	\$ 100,000.00	\$ 7,500.00	Approved	\$ 92,500.00	7/22/2021
6	\$ 320,000.00	\$ -	Approved	\$ 320,000.00	7/29/2021
7	\$ 50,000.00	\$ -	Approved	\$ 50,000.00	7/3/2021
8	\$ 50,000.00	\$ -	Approved	\$ 50,000.00	7/16/2021
9	\$ 50,000.00	\$ -	Approved	\$ 50,000.00	7/16/2021
10	\$ 100,000.00	\$ 76,295.00	Approved	\$ 23,705.00	7/9/2021
11	\$ 25,000.00	\$ 3,500.00	Approved	\$ 21,500.00	7/7/2021
12	\$ 100,000.00	\$ 14,000.00	Approved	\$ 86,000.00	7/14/2021
13	\$ 25,000.00	\$ -	Approved	\$ 25,000.00	7/8/2021
14	\$ 75,000.00	\$ -	Approved	\$ 75,000.00	7/30/2021
15	\$ 50,000.00	\$ 40,000.00	Approved	\$ 10,000.00	7/30/2021
16	\$ 50,000.00	\$ -	Approved	\$ 50,000.00	7/11/2021
17	\$ 15,000.00	\$ -	Approved	\$ 15,000.00	7/22/2021
18	\$ 225,000.00	\$ -	Approved	\$ 225,000.00	7/19/2021
19	\$ 40,000.00	\$ -	Approved	\$ 40,000.00	7/6/2021
20	\$ 200,000.00	\$ -	Approved	\$ 200,000.00	7/6/2021
21	\$ 55,000.00	\$ -	Approved	\$ 55,000.00	7/2/2021
22	\$ 100,000.00	\$ -	Approved as Adjusted	\$ 50,000.00	7/23/2021
23	\$ 1,000,000.00	\$ 110,000.00	Approved	\$ 890,000.00	7/13/2021
24	\$ 50,000.00	\$ 5,000.00	Approved	\$ 45,000.00	7/9/2021
25	\$ 250,000.00	\$ -	Approved	\$ 250,000.00	7/19/2021
26	\$ 25,000.00	\$ 5,807.50	Approved	\$ 19,192.50	7/26/2021
27	\$ 30,000.00	\$ -	Approved	\$ 30,000.00	7/23/2021
28	\$ 30,000.00	\$ -	Approved	\$ 30,000.00	7/23/2021
29	\$ 50,000.00	\$ -	Approved	\$ 50,000.00	7/14/2021
30	\$ 10,000.00	\$ -	Approved	\$ 10,000.00	7/30/2021
31	\$ 30,000.00	\$ -	Approved	\$ 30,000.00	7/6/2021
32	\$ 85,000.00	\$ 6,800.00	Approved	\$ 78,200.00	7/8/2021
33	\$ 200,000.00	\$ 39,702.50	Approved	\$ 160,297.50	7/2/2021
34	\$ 25,000.00	\$ -	Approved	\$ 25,000.00	7/2/2021
35	\$ 50,000.00	\$ -	Approved	\$ 50,000.00	8/3/2021
36	\$ 30,000.00	\$ -	Approved	\$ 30,000.00	7/6/2021
37	\$ 150,000.00	\$ 50,000.00	Approved	\$ 100,000.00	7/6/2021
38	\$ 75,000.00	\$ -	Approved	\$ 75,000.00	7/9/2021
39	\$ 703,760.17	\$ 29,886.30	Approved	\$ 673,873.87	7/6/2021
40	\$ 50,000.00	\$ 42,000.00	Approved	\$ 8,000.00	7/2/2021
41	\$ 34,662.00	\$ -	Approved	\$ 34,662.00	8/12/2021
42	\$ 35,000.00	\$ -	Approved	\$ 35,000.00	8/13/2021
43	\$ 939,500.00	\$ 35,000.00	Approved as Adjusted	\$ 904,500.00	8/13/2021
44	\$ 285,000.00	\$ -	Approved as Adjusted	\$ 170,500.00	8/11/2021
45	\$ 100,000.00	\$ -	Approved as Adjusted	\$ 92,500.00	8/11/2021
46	\$ 100,000.00	\$ 22,000.00	Approved as Adjusted	\$ -	8/11/2021
47	\$ 110,000.00	\$ -	Approved as Adjusted	\$ -	8/11/2021
48	\$ 100,000.00	\$ 11,900.00	Approved	\$ 88,100.00	8/14/2021
49	\$ 150,000.00	\$ 111,000.00	Approved	\$ 39,000.00	8/16/2021
50	\$ 25,000.00	\$ -	Approved	\$ 25,000.00	8/12/2021

Claim No.	Amount Invested/Claim	Investment Returns	Disposition	Claim Amount	Claim Date (Postmark/Email)
51	\$ 320,000.00	\$ -	Approved as Adjusted	\$ 200,000.00	8/19/2021
52	\$ 125,000.00	\$ 12,045.00	Approved	\$ 112,955.00	8/16/2021
53	\$ 70,000.00	\$ -	Approved	\$ 70,000.00	8/13/2021
54	\$ 100,000.00	\$ -	Approved	\$ 100,000.00	8/13/2021
55	\$ 40,000.00	\$ -	Approved	\$ 40,000.00	8/13/2021
56	\$ 15,000.00	\$ -	Approved	\$ 15,000.00	8/13/2021
57	\$ 6,250.00	\$ -	Approved	\$ 6,250.00	8/17/2021
58	\$ 100,000.00	\$ -	Approved	\$ 100,000.00	7/28/2021
59	\$ 55,000.00	\$ -	Approved	\$ 55,000.00	8/4/2021
60	\$ 12,000.00	\$ -	Approved	\$ 12,000.00	8/16/2021
61	\$ 597,750.00	\$ -	Approved as Adjusted	\$ 400,000.00	7/30/2021
62	\$ 175,000.00	\$ -	Approved	\$ 175,000.00	8/30/2021
63	\$ 53,534.00	\$ -	Withdrawn	\$ -	8/25/2021
64	\$ 700,000.00	\$ -	Approved	\$ 700,000.00	8/11/2021
65	\$ 130,000.00	\$ 24,000.00	Approved	\$ 106,000.00	8/10/2021
66	\$ 150,000.00	\$ 117,000.00	Approved	\$ 33,000.00	8/17/2021
67	\$ 40,000.00	\$ -	Approved as Adjusted	\$ -	8/6/2021
68	\$ 75,000.00	\$ -	Approved	\$ 75,000.00	9/7/2021
69	\$ 50,000.00	\$ 38,000.00	Approved	\$ 12,000.00	8/23/2021
70	\$ 175,000.00	\$ 79,040.00	Approved	\$ 95,960.00	8/6/2021
71	\$ 6,250.00	\$ -	Approved	\$ 6,250.00	8/17/2021
72	\$ 448,858.00	\$ 107,400.00	Approved	\$ 341,458.00	8/23/2021
73	\$ 150,000.00	\$ 45,000.00	Approved	\$ 105,000.00	8/16/2021
74	\$ 291,705.40	\$ 99,990.50	Approved	\$ 191,714.90	8/30/2021
75	\$ 4,000.00	\$ -	Approved	\$ 4,000.00	8/30/2021
76	\$ 41,000.00	\$ 11,340.00	Approved	\$ 29,660.00	7/30/2021
77	\$ 50,000.00	\$ 52,000.00	Withdrawn	\$ -	8/11/2021
78	\$ 40,000.00	\$ -	Withdrawn	\$ -	8/11/2021
79	\$ 50,000.00	\$ 28,000.00	Approved	\$ 22,000.00	8/30/2021
80	\$ 51,000.00	\$ -	Approved	\$ 51,000.00	8/23/2021
81	\$ 10,000.00	\$ -	Approved	\$ 10,000.00	8/12/2021
82	\$ 25,000.00	\$ 5,500.00	Approved	\$ 19,500.00	8/20/2021
83	\$ 100,000.00	\$ 19,000.00	Approved	\$ 81,000.00	8/25/2021
84	\$ 301,000.00	\$ -	Approved	\$ 301,000.00	8/18/2021
85	\$ 345,000.00	\$ -	Approved as Adjusted	\$ 70,000.00	8/5/2021
86	\$ 30,000.00	\$ -	Approved	\$ 30,000.00	7/22/2021
87	\$ 35,034.61	\$ -	Withdrawn	\$ -	8/10/2021
88	\$ 6,250.00	\$ -	Approved	\$ 6,250.00	8/17/2021
89	\$ 1,220,000.00	\$ 178,250.00	Approved as Adjusted	\$ 921,750.00	8/13/2021
90	\$ 230,000.00	\$ -	Withdrawn	\$ -	9/30/2021
91	\$ 11,500.00	\$ -	Approved	\$ 11,500.00	8/21/2021
92	\$ 35,000.00	\$ -	Approved	\$ 35,000.00	8/11/2021
93	\$ 25,000.00	\$ -	Approved	\$ 25,000.00	8/12/2021
94	\$ 150,000.00	\$ -	Approved	\$ 150,000.00	8/16/2021
95	\$ 50,000.00	\$ 6,750.00	Approved	\$ 43,250.00	8/12/2021
96	\$ 50,000.00	\$ -	Approved	\$ 50,000.00	8/16/2021
97	\$ 100,000.00	\$ 54,000.00	Approved	\$ 46,000.00	8/4/2021
98	\$ 100,000.00	\$ 8,000.00	Approved	\$ 92,000.00	8/4/2021
99	\$ 125,000.00	\$ 1,500.00	Approved	\$ 123,500.00	8/25/2021
100	\$ 5,000.00	\$ -	Approved	\$ 5,000.00	8/17/2021
101	\$ 39,000.00	\$ -	Approved	\$ 39,000.00	8/27/2021
102	\$ 100,000.00	\$ -	Approved	\$ 100,000.00	8/19/2021
103	\$ 10,000.00	\$ -	Approved	\$ 10,000.00	8/12/2021
104	\$ 450,000.00	\$ 110,000.00	Approved	\$ 340,000.00	8/9/2021
105	\$ 40,000.00	\$ -	Approved	\$ 40,000.00	8/16/2021
106	\$ 24,000.00	\$ -	Objection	\$ 24,000.00	8/13/2021
107	\$ 15,000.00	\$ -	Approved	\$ 15,000.00	9/4/2021
108	\$ 5,000.00	\$ -	Approved	\$ 5,000.00	9/4/2021
110	\$ 35,000.00	\$ 400.00	Approved	\$ 34,600.00	9/14/2021
111	\$ 50,000.00	\$ 24,000.00	Approved	\$ 26,000.00	9/28/2021
112	\$ 150,000.00	\$ 55,000.00	Approved	\$ 95,000.00	9/30/2021

Claim No.	Amount Invested/Claim	Investment Returns	Disposition	Claim Amount	Claim Date (Postmark/Email)
113	\$ 400,000.00	\$ 100,000.00	Approved as Adjusted	\$ 200,000.00	8/26/2021
114	\$ 75,000.00	\$ -	Approved as Adjusted	\$ 25,000.00	9/15/2021
115	\$ 25,000.00	\$ 12,000.00	Approved	\$ 13,000.00	8/31/2021
116	\$ 120,000.00	\$ 100,000.00	Approved as Adjusted	\$ -	9/29/2021
117	\$ 6,250.00	\$ -	Approved	\$ 6,250.00	9/7/2021
118	\$ 350,000.00	\$ -	Approved	\$ 350,000.00	9/30/2021
119	\$ 400,000.00	\$ 56,000.00	Approved as Adjusted	\$ 344,000.00	9/15/2021
120	\$ 10,000.00	\$ -	Approved	\$ 10,000.00	9/4/2021
121	\$ 200,007.43	\$ -	Approved	\$ 200,007.43	9/31/2021
122	\$ 300,000.00	\$ 42,000.00	Approved	\$ 258,000.00	9/20/2021
123	\$ 600,000.00	\$ -	Approved	\$ 600,000.00	9/20/2021
124	\$ 600,000.00	\$ -	Approved as Adjusted	\$ 400,000.00	9/7/2021
125	\$ 25,000.00	-	Approved	\$ 25,000.00	9/10/2021
126	\$ 275,000.00	\$ 37,700.00	Approved	\$ 237,300.00	9/15/2021
127	\$ 50,000.00	\$ 27,000.00	Approved	\$ 23,000.00	9/30/2021
128	\$ 55,000.00	-	Approved	\$ 55,000.00	9/11/2021
129	\$ 431,000.00	\$ 77,370.00	Approved	\$ 353,630.00	9/1/2021
130	\$ 8,000.00	\$ -	Approved	\$ 8,000.00	9/28/2021
131	\$ 100,000.00	\$ -	Approved	\$ 100,000.00	9/13/2021
132	\$ 300,000.00	\$ 174,000.00	Approved	\$ 126,000.00	9/9/2021
133	\$ 500,000.00	\$ 60,000.00	Approved	\$ 440,000.00	9/7/2021
135	\$ 250,000.00	\$ 46,000.00	Approved	\$ 204,000.00	9/13/2021
136	\$ 125,000.00	\$ 20,500.00	Approved	\$ 104,500.00	9/30/2021
137	\$ 190,000.00	\$ 31,797.50	Approved	\$ 158,202.50	9/10/2021
138	\$ 277,500.00	\$ 150,380.00	Approved	\$ 127,120.00	9/9/2021
139	\$ 10,000.00	\$ 400.00	Approved	\$ 9,600.00	9/24/2021
140	\$ 50,000.00		Approved	\$ 50,000.00	9/9/2021
141	\$ 177,900.00		Objection	\$ 177,900.00	9/7/2021
142	\$ 59,500.00	\$ -	Approved	\$ 59,500.00	9/29/2021
143	\$ 140,000.00	\$ -	Approved as Adjusted	\$ 75,000.00	9/20/2021
144	\$ 1,384,000.00	\$ 248,000.00	Approved as Adjusted	\$ 376,000.00	9/17/2021
145	\$ 150,000.00	\$ -	Approved	\$ 150,000.00	9/15/2021
146	\$ 50,000.00	\$ -	Approved	\$ 50,000.00	9/30/2021
147	\$ 250,000.00	\$ 91,306.00	Approved	\$ 158,694.00	9/30/2021
148	\$ 50,000.00		Approved	\$ 50,000.00	9/22/2021
149	\$ 225,000.00	\$ 16,000.00	Approved	\$ 209,000.00	9/1/2021
150	\$ 250,000.00	\$ -	Approved	\$ 250,000.00	9/20/2021
151	\$ 178,600.00	\$ 44,000.00	Approved	\$ 134,600.00	9/8/2021
152	\$ 99,000.00	\$ 44,000.00	Approved	\$ 55,000.00	9/8/2021
153	\$ 180,000.00	\$ 39,929.75	Approved	\$ 140,070.25	9/23/2021
154	\$ 50,000.00	\$ 16,000.00	Approved	\$ 34,000.00	9/6/2021
155	\$ 850,000.00	\$ 44,000.00	Approved	\$ 806,000.00	9/6/2021
156	\$ 160,000.00	\$ 19,200.00	Approved	\$ 140,800.00	9/20/2021
157	\$ 211,000.00	\$ -	Approved as Adjusted	\$ 136,000.00	9/24/2021
158	\$ 35,000.00	\$ 23,905.00	Approved	\$ 11,095.00	9/10/2021
159	\$ 700,000.00	\$ 112,300.00	Approved as Adjusted	\$ 487,700.00	9/30/2021
160	\$ 525,000.00	\$ 245,000.00	Approved	\$ 280,000.00	9/10/2021
161	\$ 50,000.00	-	Approved	\$ 50,000.00	9/20/2021
162	\$ 150,000.00	\$ 20,000.00	Approved	\$ 130,000.00	9/24/2021
163	\$ 135,000.00	\$ 34,600.00	Approved	\$ 100,400.00	9/29/2021
164	\$ 25,000.00	-	Approved	\$ 25,000.00	9/28/2021
165	\$ 75,000.00	\$ 39,000.00	Approved	\$ 36,000.00	9/28/2021
166	\$ 100,000.00	-	Approved	\$100,000	9/15/2021
167	\$ 50,000.00	-	Approved	\$ 50,000.00	9/19/2021

Claim No.	Amount Invested/Claim	Investment Returns	Disposition	Claim Amount	Claim Date (Postmark/Email)
168	\$ 60,000.00	-	Approved	\$ 60,000.00	9/27/2021
169	\$ 52,500.00	\$ 21,600.00	Approved	\$ 30,900	9/2/2021
170	\$ 15,000.00	\$ 7,800.00	Approved	\$ 7,200.00	9/13/2021
171	\$ 44,200.00	-	Withdrawn	\$ -	9/28/2021
172	\$ 136,336.18	-	Withdrawn	\$ -	9/28/2021
173	\$ 100,000.00	-	Approved	\$ 100,000	9/15/2021
174	\$ 2,500.00	-	Approved	\$ 2,500.00	9/28/2021
175	\$ 31,000.00	\$ 4,340.00	Approved	\$ 26,660.00	9/4/2021
176	\$ 26,953.00	\$ -	Approved as Adjusted	\$ 8,000.00	9/4/2021
177	\$ 118,000.00	\$ 4,800.00	Approved as Adjusted	\$ 31,200.00	9/14/2021
178	\$ 140,000.00	-	Approved as Adjusted	\$ 80,000.00	9/14/2021
179	\$ 10,000.00	-	Approved	\$ 10,000	9/22/2021
180	\$ 143,000.00	\$ 97,240.00	Approved	\$ 45,760.00	9/18/2021
181	\$ 11,600.00	-	Approved	\$ 11,600.00	9/22/2021
182	\$ 265,000.00	\$ 9,500.00	Approved	\$ 255,500.00	9/20/2021
183	\$ 20,000.00	\$ 8,800.00	Approved	\$ 11,200.00	9/20/2021
184	\$ 2,990,000.00	-	Approved	\$ 2,990,000.00	9/24/2021
185	\$ 77,858.40	-	Withdrawn	\$ -	9/3/2021
186	\$ 30,000.00	\$ 20,000.00	Approved	\$ 10,000.00	9/23/2021
187	\$ 1,000.00	-	Approved	\$ 1,000.00	9/10/2021
188	\$ 120,000.00	\$ 68,200.00	Approved as Adjusted	\$ 21,800.00	9/30/2021
189	\$ 150,000.00	\$ 50,000.00	Approved	\$ 100,000.00	9/23/2021
190	\$ 75,000.00	-	Approved	\$ 75,000.00	9/16/2021
191	\$ 50,000.00	\$ 18,000.00	Approved	\$ 32,000.00	9/28/2021
192	\$ 58,901.00	\$ 20,500.00	Approved as Adjusted	\$ 4,500.00	9/13/2021
193	\$ 195,500.00	\$ 66,233.00	Approved	\$ 129,267.00	9/20/2021
194	\$ 80,000.00	-	Approved	\$ 80,000.00	9/30/2021
195	\$ 50,000.00	\$ 16,400.00	Approved	\$ 33,600.00	9/29/2021
196	\$ 100,000.00	\$ 74,000.00	Approved	\$ 26,000.00	9/20/2021
197	\$ 12,450.00	\$ 1,245.00	Approved	\$ 11,205.00	9/13/2021
198	\$ 124,600.00	\$ 20,000.00	Approved as Adjusted	\$ 104,600.00	9/29/2021
199	\$ 100,000.00	\$ 36,000.00	Approved	\$ 64,000.00	9/8/2021
200	\$ 36,000.00	\$ 8,140.00	Approved	\$ 27,860.00	9/22/2021
201	\$ 1,300,000.00	\$ 180,000.00	Approved	\$ 1,120,000.00	9/28/2021
202	\$ 203,096.50	\$ 42,900.00	Approved	\$ 160,196.50	9/2/2021
203	\$ 235,000.00	\$ 80,900.00	Approved as Adjusted	\$ 154,100.00	9/22/2021
204	\$ 155,000.00	\$ 62,910.00	Approved	\$ 92,090.00	9/29/2021
205	\$ 232,181.39	\$ 30,176.72	Approved	\$ 202,004.67	9/28/2021
206	\$ 25,000.00	\$ -	Approved	\$ 25,000.00	9/1/2021
207	\$ 132,000.00	\$ 34,500.00	Approved as Adjusted	\$ 90,500.00	9/20/2021
208	\$ 500,000.00	\$ 30,000.00	Approved	\$ 470,000.00	9/20/2021
209	\$ 420,000.00	\$ 197,000.00	Approved	\$ 223,000.00	9/20/2021
210	\$ 80,000.00	\$ -	Approved as Adjusted	\$ 30,000.00	9/23/2021
211	\$ 3,000.00	\$ -	Approved	\$ 3,000.00	9/23/2021
212	\$ 185,000.00	\$ 53,400.00	Approved	\$ 145,500.00	9/10/2021
213	\$ 125,000.00	\$ 9,000.00	Approved	\$ 116,000.00	9/1/2021

EXHIBIT B

EXHIBIT B

Claim No.	Amount Invested/Claim	Investment Returns	Disposition	Claim Amount	Claim Date (Postmark/Email)
109	\$ 2,200,000.00		Approved	\$ 2,200,000.00	9/24/2021
134	\$ 842,000.00	\$ 209,874.00	Approved as Adjusted	\$ 532,726.00	9/24/2021

EXHIBIT C

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA
(Palm Beach Division)**

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 FOR
ENTRY OF ORDER AUTHORIZING FIRST AND FINAL DISTRIBUTION AND
APPROVING RECEIVER'S RECOMMENDED DISPOSITION OF CLAIMS**

THIS CAUSE is before the Court upon the Receiver's Unopposed Motion for Entry of Order Authorizing First and Final Distribution and Approving Receiver's Recommended Disposition of Claims [D.E. ___] (the "Motion"). Having carefully reviewed the Motion, it is hereby **ORDERED AND ADJUDGED**:

1. The Motion [D.E. ___] is **GRANTED**.
2. The Receiver is authorized to make a first and final distribution in the approximate amount of \$2,384,057.11, as set forth in the Motion. The disposition of the Class 1 Claims and Class 2 Claims are approved as recommended in the Matrices attached as Exhibits A and B to the Motion. The Receiver shall make the distribution pursuant to such dispositions and in accordance with the Court's Order Granting Receiver's Unopposed Motion to Approve Claims Procedure for Distributions [D.E. 296].

3. The Receiver is further authorized to retain \$78,152.00 in reserves pending further order of this Court.

DONE AND ORDERED in Chambers at West Palm Beach, Palm Beach County, Florida,
on this ____ day of _____, 2022.

ROBIN L. ROSENBERG
UNITED STATES DISTRICT JUDGE

Copies furnished to:
Counsel of Record