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**UNITED STATES DISTRICT COURT FOR
THE DISTRICT OF IDAHO**

HONGBO SHAO, et al.,

Plaintiffs,

v.

SEROFIM MUROFF, et al.,

Defendants.

Case No. 1:18-cv-00295-BLW

**STIPULATION OF PARTIAL
SETTLEMENT**

This Stipulation of Partial Settlement (together with all Exhibits and Schedule thereto, the “Stipulation”), dated as of November 15, 2019, which is entered into by and among (i) Proposed Class Representatives YU ZHANG, DONGHUI DENG, JINGYUAN ZHANG, HONGBO SHAO, and WENWEI FAN (“Proposed Class Representatives”), as Plaintiffs and on behalf of the Settlement Class (as defined herein), and (ii) and Settling Defendants BLACKHAWK GOLD, LLC (“Blackhawk Gold”), BLACKHAWK ON THE RIVER, LLC (“BOTR”), IDAHO STATE REGIONAL CENTER, LLC (“ISRC”), ISR CAPITAL, LLC (“ISR Capital”), THE MCCALL ASSOCIATES, LLC (“McCall Associates”), IDAHO STATE GOLD COMPANY, LLC (“Idaho

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State Gold”), and LEMHI GOLD TRUST, LLC (“Lemhi Gold”), by and through their undersigned attorneys, states all of the terms of the settlement and sets forth the resolution of this matter by the Settling Parties (as defined herein) and is intended by the Settling Parties to fully, finally, and forever release, resolve, and discharge the Released Claims (as defined herein) against the Released Parties (as defined herein), subject to the approval of the United States District Court for the District of Idaho (the “Court”) pursuant to Rule 23 of the Federal Rules of Civil Procedure, and the occurrence of the Effective Date (as defined herein).

Throughout this Stipulation, all terms used with initial capitalization, but not immediately defined, shall have the meanings ascribed to them in Section 1 below.

WHEREAS:

A. The Action

Beginning on January 18, 2018, after investigation, a putative class action lawsuit was filed and subsequently removed to this Court from the District Court of the Fourth Judicial District of the State of Idaho, County of Ada against the Settling Defendants and others, alleging claims for breach of fiduciary duty, violation of the Uniform Voidable Transaction Act, and securities fraud, among other related counts.

Plaintiffs’ counsel conducted further investigation regarding the claims asserted in the Action. Following this investigation, after several amendments, on February 1, 2019, Plaintiffs filed their operative Fourth Amended Complaint (“Complaint”) alleging breach of fiduciary duty, violation of the Uniform Voidable Transaction Act, fraudulent misrepresentation (nondisclosure), securities fraud in violation of Idaho Code Section 30-14-509, accounting, and violation of the Idaho Racketeering Act. (Dkt. No. 79.)

In advance of decisions on Plaintiffs’ Motion to Certify Class (Dkt. No. 80) and Blackhawk Defendants’ Motion to Dismiss the Complaint (Dkt. No. 84), the parties engaged in substantial negotiations and were able to reach settlement, which was memorialized in a Memorandum of Understanding dated August 9, 2019, and as described more fully herein. If approved, this Stipulation will supersede any and all other agreements between the parties, including the Memorandum of Understanding dated August 9, 2019.

Plaintiffs' investments in Blackhawk Gold, as described in the Complaint were also one of the subjects in separate litigation filed by the U.S. Securities and Exchange Commission ("SEC"), *SEC v. Serofim Muroff, Blackhawk Manager, LLC, LLC, Equity Recap Account, LLC and Debra L. Riddle*, Case No. 1:17-cv-00180- EJM (D. Idaho) ("SEC Action"). The Final Judgment in the SEC Action required, among other things, Defendant Blackhawk Manager to engage an Independent Manager to manage, and an Independent Monitor to oversee, the activities of Blackhawk Manager and its management of Defendant Blackhawk Gold. *See* Final Judgment, Section VIII.A. ("SEC Judgment"). Blackhawk Manager engaged Brian Dickens, through Immigrant Concierge Services, LLC, as the Independent Manager, and engaged Krista Freitag, through E3 Realty Advisors, Inc., as the Independent Monitor, as required by the SEC Judgment.

B. The Blackhawk Gold Assets

Blackhawk Defendants represent that the "Blackhawk Gold Assets" include, but are not limited to, Blackhawk Gold's 100% ownership of BOTR and Idaho State Gold. In turn, BOTR wholly owns McCall Associates, which wholly owns West Mountain Water and Sewer, LLC and L.O.M., LLC. Blackhawk Defendants further represent that Idaho State Gold wholly owns Lemhi Gold, as well as 50% of Gold Hill Reclamation and Mining, Inc. and, to the best of the Independent Manager's knowledge, 33.3% of Garnet USA L.L.C.

In addition, Blackhawk Defendants represent that, pursuant to an executed Agreement for Transfer of Regional Center dated June 1, 2017 ("ISRC Transfer Agreement"), Sima Muroff (as the then Manager of ISRC) transferred ISRC to Brian Dickens (Manager of Immigrant Concierge Services, LLC), subject to the terms and conditions described in that agreement. Further, Blackhawk Defendants represent that Quartzburg Equity Holdings, LLC is the sole member of ISR Capital, and that Sima Muroff is no longer an owner or member of ISR Capital. Further, as soon as practicable following the election of the Newly Elected Managing Member, ISRC will release Blackhawk Gold with respect to any accrued fees and outstanding fees, expenses and/or liabilities owed or due to it to the fullest extent permitted under the Transfer Agreement and provided that qualified professionals determine that such actions will not result in adverse tax consequences for the entities. To be clear, however, the Parties are not releasing,

and do not intend to release, Sima Muroff individually with respect to any claims or liabilities whatsoever, including any arising before, after or in connection with the ISRC Transfer Agreement.

C. The Settlement

This Stipulation memorializes the agreement between the Parties to fully finally, and forever settle the Action and to fully release all claims remaining against Settling Defendants and the Released Parties with prejudice in return for the specified consideration.

D. Settling Defendants' Denial Of Wrongdoing And Liability

Throughout the course of the Action, Blackhawk Defendants have denied and continue to deny any and all allegations of wrongdoing, fault, liability or damage whatsoever asserted in the Complaint as to Blackhawk Defendants. Blackhawk Defendants also have denied and continue to deny, *inter alia* the allegations that Plaintiffs or the Settlement Class have suffered damage or that Plaintiffs or the Settlement Class were harmed by the Blackhawk Defendants' conduct alleged in the Action.

Blackhawk Defendants enter into this Stipulation to eliminate the uncertainties, burden and expense of further litigation. Nothing in this Stipulation shall be construed as any admission by either any of the Blackhawk Defendants or any of the Released Parties of any wrongdoing, fault, liability, or damages whatsoever.

E. Claims of Plaintiffs And Benefits Of Settlement

Plaintiffs believe that the claims remaining in the Complaint have merit. Plaintiffs however, recognize and acknowledge the expense and length of continued proceedings necessary to prosecute the Action against Settling Defendants through trial and appeals. Plaintiffs have also taken into account (i) the uncertain outcome, (ii) the risk of any litigation, (iii) the limited amount of damages recoverable from the Settling Defendants even if the litigation were successful, and (iv) the discovery that a number of the Blackhawk Defendants are wholly-owned, either directly or indirectly, by Blackhawk Gold. Plaintiffs have therefore determined that the Settlement set forth in this Stipulation is fair, adequate, reasonable, and in the best interests of the Settlement Class.

NOW, THEREFORE, IT IS HEREBY STIPULATED, CONSENTED AND AGREED, by and among the Proposed Class Representatives on behalf of the Settlement Class, and Settling Defendants, by and through their respective undersigned counsel that, subject to the approval of the Court pursuant to Rule 23(e) of the Federal Rules of Civil Procedure, in consideration of the benefits flowing to the Settling Parties from the Settlement set forth herein, the Action and the Released Claims as against the Released Parties shall be fully, finally, and forever compromised, settled and released and the Action shall be dismissed with prejudice, upon and subject to the terms and conditions of this Stipulation, as follows.

1. Definitions

In addition to the terms defined above, the following capitalized terms, used in this Stipulation, shall have the meanings specified below:

1.1. “Action” means the putative class action captioned *Hongbo Shao, et al., individually and on behalf of a class of other similarly-situated persons v. Serofim Muroff, et al.*, U.S.D.C. Case No. 1:18-cv-00295-BLW (D. Idaho).

1.2. “Administrative Costs” means all costs and expenses associated with providing notice of the Settlement to the Settlement Class and otherwise administering or carrying out the terms of the Settlement. Such costs may include without limitation: the costs of publishing the summary notice, and the costs of printing and mailing the full Notice, as directed by the Court. Such costs do not include legal fees.

1.3. “Blackhawk Defendants” shall mean Defendants Blackhawk Gold, Blackhawk Manager, BOTR, ISRC, ISR Capital, McCall Associates, Idaho State Gold, and Lemhi Gold.

1.4. “Blackhawk Manager” is the Managing Member of Blackhawk Gold. The Independent Manager currently controls Blackhawk Manager and its day to day operations, including its management of Blackhawk Gold.

1.5. “Claims” means any and all manner of claims, demands, rights actions, potential actions, causes of action, liabilities, rights, duties, damages, losses diminutions in value, obligations, agreements, suits, fees, attorneys’ fees, expert consulting fees, debts, expenses, costs, sanctions, judgments, decrees, matters, issue and/or controversies of every description, kind or

nature whatsoever, whether known or unknown, contingent or absolute, liquidated or not liquidated, accrued or unaccrued, suspected or unsuspected, disclosed or undisclosed, apparent or not apparent, foreseen or unforeseen, concealed or hidden, matured or not matured which now exist, or heretofore or previously existed, or may hereafter exist (including, but not limited to, any claims arising under common law or any federal or state law, statute, rule, or regulation relating to alleged fraud, negligence, fraudulent conveyance, avoidance, violations of any state and/or federal securities laws and rules promulgated thereunder, whether individual, class, direct, derivative, representative, on behalf of others, legal, equitable, regulatory, governmental or of any other type or in any other capacity that remained as not dismissed in the Complaint.

1.6. “Class Period” means January 1, 2010 through and including August 15, 2019.

1.7. “Complaint” means the Plaintiffs’ Fourth Amended Complaint filed on February 1, 2019, Dkt. No. 79.

1.8. “Effective Date” means the first date by which all of the events and conditions specified in Paragraph 6.4 of this Stipulation have been met and have occurred.

1.9. “Final” when referring to the Final Judgment means the Effective Date, as defined in Paragraph 1.8 above, has occurred.

1.10. “Final Judgment” means the judgment and order to be entered by the Court approving the Settlement, materially in the form attached hereto as Exhibit B.

1.11. “Independent Manager” means Immigrant Concierge Services, LLC, through Brian Dickens, which is the current manager of Blackhawk Gold.

1.12. “Independent Monitor” means E3 Realty Advisers, Inc., through Krista Freitag, which is currently monitoring the activities of the Independent Manager.

1.13. “Newly Elected Managing Member” shall be the party elected by majority interest vote as a successor Managing Member of Blackhawk Gold, as contemplated in Section 9.9 of the Blackhawk Gold Operating Agreement.

1.14. “Non-Settling Defendants” means those named defendants in the Complaint who have not been dismissed and are not a party to the Partial Settlement.

1.15. “Notice” means the “Notice of Proposed Settlement of Class Action and Settlement Fairness Hearing,” which is to be sent to Settlement Class Members substantially in the form attached hereto as Exhibit A-1.

1.16. “Opt-Out” means any one of, and “Opt-Outs” means all of, any Person who otherwise would be Settlement Class Members and have timely and validly requested exclusion from the Settlement Class in accordance with the provisions of the Preliminary Approval Order and the Notice given pursuant thereto.

1.17. “Partial Settlement” means the partial settlement contemplated by this Stipulation.

1.18. “Person” means a natural person, individual, corporation, fund, limited liability corporation, professional corporation, limited liability partnership, limited partnership association, joint stock company, estate, legal representative, trust, unincorporated association, government or any political subdivision or agency thereof, and any business or legal entity and their spouses heirs, predecessors, successors, representatives, or assigns.

1.19. “Preliminary Approval Order” means the proposed order preliminarily approving the Settlement and directing notice thereof to the Settlement Class substantially in the form attached hereto as Exhibit A.

1.20. “Released Claims” collectively means any and all Claims, as defined in Paragraph 1.5, which were or might have been brought by or on behalf of any member of the Settlement Class in the Action or in the complaints filed in the Action against any Released Parties, as defined in Paragraph 1.21.

1.21. “Released Parties” means the Settling Defendants, as well as the Independent Manager, the Independent Monitor, and the Independent Manager’s and Independent Monitor’s affiliates, owners, members, officers, contractors, agents, attorneys, accountants, consultants, and employees. To the extent the representations in paragraph one of Section B are untrue as to one or more of the Settling Defendants, said Settling Defendant shall not be considered a Released Party.

1.22. “Releasing Parties” means Plaintiffs and each and every member of the Settlement Class.

1.23. “Settlement Class” shall refer to a class, pursuant to Rule 23, consisting of “*All persons who purchased or otherwise acquired Member Interests in Blackhawk Gold, LLC during the Class Period of January 1, 2010 through August 15, 2019, excluding any Developer Units.*” The Settlement Class shall be certified by the Court as part of the final approval of the Partial Settlement. “Developer Units” is defined in Section 6.3 below.

1.24. “Settlement Class Member” means any one of, and “Settlement Class Members” means all of, the members of the Settlement Class.

1.25. “Settlement Hearing” means the hearing at or after which the Court will make a final decision pursuant to Rule 23 of the Federal Rules of Civil Procedure as to whether the Settlement contained in the Stipulation is fair, reasonable and adequate, and therefore, should receive final approval from the Court.

1.26. “Settling Defendants” means Blackhawk Gold, BOTR, ISRC, ISR Capital, McCall Associates, Idaho State Gold, and Lemhi Gold. Blackhawk Manager also shall be included within this definition of Settling Defendants in the event it is determined that Sima Muroff, including any persons, entities or transferees under his control, is not the owner of Blackhawk Manager, as described further in Paragraph 6.3.

1.27. “Settling Party” means any one of, and “Settling Parties” means all of the parties to the Stipulation, namely Settling Defendants Blackhawk Gold, BOTR, ISRC, ISR Capital, McCall Associates, Idaho State Gold, and Lemhi Gold on the one hand, and Proposed Class Representatives, individually and on behalf of the Settlement Class, on the other hand.

1.28. “Unknown Claims” means collectively all Claims, which any Settlement Class Member does not know or suspect to exist in his, her or its favor at the time of the release of the Released Parties which, if known by him, her or it, might have affected his, her or its settlement with and release of the Released Parties, or might have affected his, her or its decision not to opt-out or object to this Settlement. With respect to any and all Released Claims, the Settling Parties stipulate and agree that, upon the Effective Date, Plaintiffs shall expressly waive, and each of the Settlement Class Members shall be deemed to have waived, and by operation of the Final Judgment

shall have waived, the provisions, rights and benefits of California Civil Code § 1542, which provides:

A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.

Plaintiffs shall expressly waive and each of the Settlement Class Members shall be deemed to have, and by operation of the Final Judgment shall have, expressly waived any and all provisions, rights and benefits conferred by any law of any state territory, foreign country or principle of common law, which is similar, comparable or equivalent to California Civil Code § 1542. Plaintiffs and/or one or more Settlement Class Members may hereafter discover facts in addition to or different from those which he, she or it now knows or believes to be true with respect to the subject matter of the Released Claims, but Plaintiffs shall expressly fully, finally and forever settle and release, and each Settlement Class Member, upon the Effective Date, shall be deemed to have, and by operation of the Final Judgment shall have fully, finally and forever settled and released, any and all Released Claims, known or unknown, suspected or unsuspected, contingent or non-contingent, whether or not concealed or hidden, which now exist, or heretofore have existed, including, but not limited to, conduct which is negligent, intentional, with or without malice, or breach of any duty, law or rule, without regard to the subsequent discovery of the existence of such different or additional facts. Plaintiffs acknowledge, and the Settlement Class Members shall be deemed by operation of the Final Judgment to have acknowledged, that the foregoing waiver was separately bargained for and a key element of this Partial Settlement.

2. The Settlement Consideration

2.1. In consideration for the full release and discharge of all Released Claims, and upon the election of the Newly Elected Managing Member, as defined in Paragraph 1.13 above and described in Paragraph 6.5 below, the Blackhawk Defendants, by and through the Independent Manager, shall facilitate the transfer of management control to the Newly Elected Managing Member. To do so, the Independent Manager and the Independent Monitor will work

cooperatively with the Newly Elected Manager for a reasonable period of time to be negotiated and conditioned upon execution of separate engagement agreements that will describe further terms, including compensation. Further, the Independent Manager and Independent Monitor expect to terminate their engagements with Blackhawk Manager concurrently with the election of the Newly Elected Managing Member.¹ Prior to the Effective Date, the Independent Manager, Independent Monitor and all professionals engaged by them (directly or on behalf of any of the Blackhawk Defendants) shall have been paid in full under their respective engagement agreements for work performed up to and through the Effective Date, including payment of all unpaid fees and reimbursement of expenses (“Professional Fee Payments”). The Independent Manager shall make the Professional Fee Payments from available cash pursuant to the duties, powers and responsibilities granted to him under the Final Judgment and his engagement agreement with Blackhawk Manager. As described above, Plaintiffs do not waive any potential claim or cause of action against Blackhawk Manager, including but not limited to, that it is required to pay the expenses of the Independent Manager and Independent Monitor pursuant to Section VIII.A. of the SEC Judgment. The Independent Manager and the Independent Monitor dispute the validity of any such claim or cause of action, if made.

2.2. In exchange for the forgoing agreements and consideration, the Proposed Class Representatives, on behalf of themselves and each member of the Settlement Class, shall fully, finally and forever release, relinquish and discharge the Released Parties of and from the Released Claims (including, without limitation, Unknown Claims).

2.3. In exchange for the forgoing agreements and consideration, each of the Released Parties shall fully, finally and forever release, relinquish and discharge all Settlement Class Members of and from all claims (including, without limitation, Unknown Claims) arising out of, relating to, or in connection with, the institution, prosecution, assertion, settlement, or resolution of the Action or the Released Claims.

¹ The engagement agreements between the Blackhawk Defendants and the Independent Manager and Independent Monitor include indemnities, by Blackhawk Manager, LLC or Blackhawk Gold, LLC of the Independent Monitor and Independent Manager Parties (as defined therein), which survive termination of the engagement agreements.

2.4. Within seven (7) days after the execution of this Stipulation, the Blackhawk Defendants will provide to Plaintiffs copies of the following: (1) the records and documents provided to and/or taken by the Federal Bureau of Investigation and/or the U.S. Securities and Exchange Commission as part of the investigations into the issues described in the SEC Action to the best of the Independent Manager's knowledge; and (2) any reports, financial statements or other documents provided to the SEC pursuant to Section VIII.B. of the SEC Judgment.

3. Preliminary Approval Order, Notice Order, And Settlement Hearing

3.1. The Settling Parties shall submit this Stipulation and its exhibits to the Court as part of the Motion for Preliminary Approval, which shall incorporate this Stipulation therein, and shall apply for preliminary approval of the Settlement set forth in this Stipulation, entry of a preliminary approval order, and approval for the mailing and dissemination of notice, substantially in the form of Exhibits A A-1, and A-2. The mailed Notice (Exhibit A-1) shall include the general terms of the Partial Settlement, and shall set forth the procedure by which recipients of the Notice may object to the Partial Settlement or request to be excluded from the Settlement Class. The date and time of the Settlement Hearing shall be added to the Notice before it is mailed or otherwise provided to Settlement Class Members.

3.2. To assist in dissemination of notice, the Settling Parties will cooperate in obtaining the names and contact information of the Settlement Class Members and their nominees or custodians.

3.3. At the time of the submission described in Paragraph 3.1 hereof, the Settling Parties, through their counsel, shall jointly request that, after the Notice is provided the Court hold the Settlement Hearing and (i) approve the Settlement as set forth herein and (ii) enter judgment substantially in the form of Exhibit B hereto, as promptly after the Settlement Hearing as possible.

4. Releases and Covenants Not To Sue

4.1. Upon the Effective Date, as defined in Paragraph 1.8 hereof, the Releasing Parties, on behalf of themselves, their successors and assigns, and any other Person claiming (now or in the future) through or on behalf of them, shall be deemed to have, and by operation of the Final Judgment shall have fully, finally, and forever released, relinquished, and discharged all Released

Claims against the Released Parties and shall have covenanted not to sue the Released Parties with respect to all such Released Claims, and shall be permanently barred and enjoined from asserting, commencing, prosecuting, instituting, assisting, instigating or in any way participating in the commencement or prosecution of any action or other proceeding, in any forum, asserting any Released Claim against any of the Released Parties. Nothing contained herein shall, however, bar the Releasing Parties from bringing any action or claim to enforce the terms of this Stipulation or the Final Judgment.

4.2. Upon the Effective Date, as defined in Paragraph 1.8 hereof, Released Parties, on behalf of themselves, their heirs, executors, predecessors, successors and assigns, shall be deemed to have, and by operation of the Final Judgment shall have fully, finally and forever released, relinquished and discharged all Settlement Class Members and Settlement Class Counsel of and from all claims (including, without limitation, Unknown Claims) arising out of, relating to, or in connection with, the institution, prosecution, assertion, settlement, or resolution of the Action or the Released Claims (the “Released Parties’ Released Claims”), and shall be permanently enjoined from prosecuting the Released Parties’ Released Claims against the Settlement Class and Settlement Class Counsel. Nothing contained herein shall, however, bar the Released Parties from bringing any action or claim to enforce the terms of this Stipulation or the Final Judgment.

4.3. Upon the Effective Date, as defined in Paragraph 1.8 hereof, all Persons, including, but not limited to, Plaintiffs, Proposed Class Representatives on behalf of themselves and the Settlement Class, Settlement Class Members (*i.e.* those who have not timely opted out of, or timely requested exclusion from, the Settlement Class), and the Non-Settling Defendants, shall be enjoined and barred from commencing or continuing any claim, cross-claim, third-party claim, claim over, or action in any forum against the Released Parties, seeking, as damages, indemnity, contribution, or otherwise, the recovery of all or part of any liability or settlement which such persons (i) paid, (ii) were obligated to pay or agreed to pay, or (iii) may become obligated to pay to the Settlement Class, as a result of such persons’ liability for or participation in any acts, facts, statements or omissions that were or could have been alleged in the Action.

5. Class Certification

5.1. In the Final Judgment, the Settlement Class shall be certified for purposes of this Partial Settlement, but in the event that the Final Judgment does not become Final or the Settlement fails to become effective for any reason, all Settling Parties reserve all their rights on all issues, including whether a class should be certified in the Action. For settlement purposes only, in connection with the Final Judgment, Settling Defendants shall consent to (i) the appointment of the Proposed Class Representatives as the class representatives, (ii) the appointment of Bithell Law and Angstman Johnson as co-class counsel, and (iii) the certification of the Settlement Class pursuant to Rules 23(a) and (b)(3) of the Federal Rules of Civil Procedure.

6. Conditions Of Settlement, Effect of Disapproval, Cancellation Of Termination

6.1. Plaintiffs, on behalf of the Settlement Class, and Settling Defendants shall each have the right to terminate the Partial Settlement and Stipulation by providing written notice of their election to do so (“Termination Notice”) to all other Settling Parties within fourteen (14) business days of:

- (a) entry of a Court order declining to enter the Preliminary Approval Order in any material respect;
- (b) entry of a Court order refusing to approve this Stipulation in any material respect;
- (c) entry of a Court order declining to enter the Final Judgment in any material respect;
- (d) entry of an order by which the Final Judgment is modified or reversed in any material respect by the Court, the Court of Appeals or the United State Supreme Court. In the absence of any of the events enumerated in the preceding sentence, no Party shall have the right to terminate the Partial Settlement and Stipulation for any reason; or
- (e) Settling Parties, and each of them, shall have the right to cancel and terminate the Partial Settlement upon the conditions set forth in Paragraph 6.6 below.

6.2. The Parties acknowledge that the Independent Manager, with retrospective general oversight and monitoring by the Independent Monitor, will continue to manage Blackhawk Gold and the Blackhawk Gold Assets in its business judgment, including marketing and selling certain

assets sufficient to pay all outstanding and ongoing liabilities and expenses, including, but not limited to, operating expenses, property and other taxes, insurance (including tails in coverage deemed appropriate), and the fees and costs of the Independent Manager, the Independent Monitor, and all professionals, including but not limited to attorneys and accountants, unless and until a Newly Elected Managing Member is elected. Notwithstanding the foregoing, Plaintiffs do not waive any potential claim or cause of action against Blackhawk Manager, including but not limited to, that it is required to pay the expenses of the Independent Manager and Independent Monitor pursuant to Section VIII.A. of the SEC Judgment. The Independent Manager and the Independent Monitor dispute the validity of any such claim or cause of action, if made. Further, if it is determined that Blackhawk Gold or an entity wholly owned by Blackhawk Gold is the sole owner of Blackhawk Manager, as described in Paragraph 6.3 below, then Blackhawk Manager will be included in the dismissal and all releases described herein.

6.3. The Parties acknowledge there is a dispute as to the current *ownership* of Blackhawk Manager and any “Managing Member Interest” or “Developer Units” in Blackhawk Gold, as defined and described in the Blackhawk Gold Operating Agreement, whether owned by Blackhawk Manager, Diez Huevos Irrevocable Trust or any other person, entity or transferee, which collectively are referred to herein as “Developer Units.” Through counsel, defendant Sima Muroff contends that he (and/or entities owned or controlled by him) is the 100% owner of Blackhawk Manager and the Development Units. In contrast, the SEC Staff has informed counsel for the Independent Manager that Sima Muroff’s ownership of Blackhawk Manager (including any Developer Units) was, or should have been, extinguished, surrendered and/or transferred as part of the SEC Judgment. Before the filing of the motion for approval of the Final Judgment, Plaintiffs may seek an order from the Court in the SEC Action to resolve such ownership question if it is necessary or appropriate in order to complete the Partial Settlement described herein, which the Settling Defendants will not oppose. In the event that it is determined that Sima Muroff, including any persons, entities or transferees under his control, is not the owner of Blackhawk Manager, then Blackhawk Manager is to be included within the definitions of both Settling

Defendants and Released Parties described in Paragraphs 1.21 and 1.26 herein, and shall be treated as such in the Final Judgment.

6.4. The Effective Date of this Stipulation shall not occur unless and until each of the following events occurs and shall be the date upon which the last in time of the following events occurs:

(a) a Final Judgment containing the releases described in Paragraphs 4.1-4.3 has been entered by the Court;

(b) no appeal is pending with respect to the Final Judgment;

(c) the Final Judgment has not been reversed, modified, vacated or amended;

(d) the time to file any appeal from the Final Judgment has expired without the filing of an appeal or an order dismissing the appeal or affirming the Final Judgment has been entered, and any time to file a further appeal (including a writ of certiorari or for reconsideration of the appeal) has expired;

(e) the Memorandum of Understanding dated August 9, 2019 and any settlement agreement with respect to the claims released in the Final Judgment have not expired or been terminated;

(f) the election of the Newly Elected Managing Member has occurred; and

(g) the Final Judgment has become Final as defined in Paragraph 1.9.

6.5. The Parties agree that the current Managing Member of Blackhawk Gold shall resign and relinquish control concurrently with the election of the Newly Elected Managing Member. The Independent Manager agrees to cooperate with Plaintiffs with regard to calling and noticing a meeting for the purpose of electing the Newly Elected Managing Member.

6.6. If some or all of the conditions specified in 6.4 above are not met, or in the event that this Stipulation is not approved by the Court, or the Settlement set forth in this Stipulation is terminated or fails to become effective in accordance with its terms, then this Stipulation shall be canceled and terminated, unless all of the Settling Parties agree in writing to proceed with this Stipulation. None of the Settling Parties, or any of them, shall have any obligation whatsoever to proceed under any terms other than those provided for and agreed herein. If any Settling Party engages in a material breach of the terms hereof, any other Settling Party, provided that it is in

substantial compliance with the terms of this Stipulation, may terminate this Stipulation on notice to all the Settling Parties.

6.7. In the event the Stipulation shall terminate, or be canceled, or shall not become effective for any reason, the Settling Parties shall be restored to their respective positions in the Action immediately prior to July 31, 2019, and they shall proceed in all respects as if the Stipulation had not been executed and the related orders had not been entered, and in that event all of their respective claim and defenses as to any issue in the Action shall be preserved without prejudice.

6.8. In the event that the Stipulation is not approved by the Court or the Settlement set forth in this Stipulation is terminated or fails to become effective in accordance with its terms, the terms and provisions of this Stipulation, except as otherwise provided herein, shall have no further force and effect with respect to the Settling Parties or Blackhawk Defendants and shall not be used in this Action or in any other proceeding for any purpose, and any judgment or order entered by the Court in accordance with the terms of this Stipulation shall be treated as vacated, nunc pro tunc.

7. No Admission Of Liability

7.1. The Settling Parties covenant and agree that neither this Stipulation, nor any terms of the Settlement, nor any communication relating thereto, is evidence, or an admission or concession by any Settling Party or their counsel, any Settlement Class Member, or any of the Released Parties of any fault, liability or wrongdoing whatsoever, as to any facts or claims alleged or asserted in the Action, or any other actions or proceedings, or as to the validity or merit of any of the claims or defenses alleged or asserted in any such action or proceeding. This Stipulation is not a finding or evidence of the validity or invalidity of any claims or defenses in the Action, any wrongdoing by any Settling Party, Settlement Class Member, or any of the Released Parties, or any damages or injury to any Settling Party, Settlement Class Member, or any Released Parties. Neither this Stipulation, nor any of the terms and provisions of this Stipulation, nor any of the negotiations or proceedings in connection therewith, nor any of the documents or statements referred to herein or therein, nor the Partial Settlement, nor the fact of the Partial Settlement, nor

the Partial Settlement proceedings, nor any statement in connection therewith, (a) shall (i) be argued to be, used or construed as, offered or received in evidence as, or otherwise constitute an admission, concession, presumption, proof, evidence, or a finding of any liability, fault, wrongdoing, injury or damages, or of any wrongful conduct, acts or omissions on the part of any Released Party, or of any infirmity of any defense, or of any damages to Plaintiffs or any other Settlement Class Member, or (ii) otherwise be used to create or give rise to any inference or presumption against any of the Released Parties concerning any fact or any purported liability, fault, or wrongdoing of the Released Parties or any injury or damages to any person or entity, or (b) shall otherwise be admissible, referred to or used in any proceeding of any nature, for any purpose whatsoever; provided, however, that the Stipulation or the Final Judgment may be introduced in any proceeding, whether in the Court or otherwise, as may be necessary to argue and establish that the Stipulation or Final Judgment has res judicata, collateral estoppel, or other issue or claim preclusion effect or to otherwise consummate or enforce the Settlement or Final Judgment, or as otherwise required by law.

8. Miscellaneous Provisions

8.1. Except in the event of the filing of a Termination Notice pursuant to Paragraph 6.1 of this Stipulation, the Settling Parties shall take all actions necessary to consummate the Partial Settlement and Stipulation; and (b) agree to cooperate with each other to the extent reasonably necessary to effectuate and implement all terms and conditions of the Stipulation.

8.2. The Settling Parties and their counsel represent that they will not encourage or otherwise influence any Settlement Class Members to request exclusion from, or object to, the Settlement.

8.3. The Settling Defendants and their counsel represent that they will not attempt to influence any Settlement Class Member regarding who to vote for as the Newly Elected Managing Member.

8.4. Each of the attorneys executing this Stipulation, any of its exhibits, or any related settlement documents on behalf of any Settling Party hereto hereby warrants and represents that

he or she has been duly empowered and authorized to do so by the Settling Party he or she represents.

8.5. Plaintiffs represent and warrant that Plaintiffs are Settlement Class Members and none of Plaintiffs' claims or causes of action against one or more Defendants in the Action, or referred to in this Stipulation, or that could have been alleged against one or more Defendants in the Action, have been assigned encumbered or in any manner transferred in whole or in part.

8.6. This Stipulation constitutes the entire agreement between the Settling Parties and supersedes any prior agreements. No representations, warranties or inducements have been made to or relied upon by any Settling Party concerning this Stipulation, other than the representations, warranties and covenants expressly set forth herein. Except as otherwise provided herein, each Settling Party shall bear its own costs.

8.7. This Stipulation may not be modified or amended, nor may any of its provisions be waived, except by a writing signed by all Settling Parties or their counsel or their respective successors in interest.

8.8. This Stipulation shall be binding upon, and shall inure to the benefit of, the Settling Parties and their respective agents, successors, executors, heirs, and assigns.

8.9. The Released Parties who do not appear on the signature lines below are acknowledged and agreed to be third party beneficiaries of this Stipulation and Settlement and have the same rights to enforce this Stipulation and Settlement as the signatories hereto.

8.10. The headings herein are used for the purpose of convenience only and are not meant to have legal effect.

8.11. This Stipulation may be executed in any number of counterparts by any of the signatories hereto and the transmission of an original signature page electronically (including by facsimile or portable document format) shall constitute valid execution of the Stipulation as if all signatories hereto had executed the same document. Copies of this Stipulation executed in counterpart shall constitute one agreement.

8.12. This Stipulation, the Partial Settlement, and any and all disputes arising out of or relating in any way to this Stipulation, whether in contract, tort or otherwise, shall be governed by

and construed in accordance with the laws of the State of Idaho without regard to conflict of laws principles.

8.13. The Court shall retain jurisdiction with respect to the implementation and enforcement of the terms of this Stipulation, and all parties hereto submit to the jurisdiction of the Court for purposes of implementing and enforcing the Settlement embodied in this Stipulation.

8.14. The Stipulation shall not be construed more strictly against one Party than another merely by virtue of the fact that it, or any part of it, may have been prepared by counsel for one of the Settling Parties, it being recognized that it is the result of arm's-length negotiations between the Settling Parties, and all Settling Parties have contributed substantially and materially to the preparation of this Stipulation.

8.15. All agreements by, between or among the Settling Parties, their counsel and their other advisors as to the confidentiality of information exchanged between or among them shall remain in full force and effect, and shall survive the execution and any termination of this Stipulation and the final consummation of the Settlement, if finally consummated, without regard to any of the conditions of the Settlement.

8.16. The Settling Parties shall not assert or pursue any action, claim or rights that any party violated any provision of Rule 11 of the Federal Rules of Civil Procedure in connection with the Action, the Settlement, or the Stipulation. The Settling Parties agree that the Action was resolved in good faith following arm's-length bargaining.

8.17. Any failure by any of the Settling Parties to insist upon the strict performance by any other Settling Party of any of the provisions of the Stipulation shall not be deemed a waiver of any of the provisions hereof, and such Settling Party notwithstanding such failure, shall have the right thereafter to insist upon the strict performance of any and all of the provisions of this Stipulation to be performed by the other Settling Parties to this Stipulation.

8.18. The waiver, express or implied, by any Settling Party of any breach or default by any other Settling Party in the performance by such Settling Party of its obligations under the Stipulation shall not be deemed or construed to be a waiver of any other breach, whether prior, subsequent, or contemporaneous, under this Stipulation.

IN WITNESS WHEREOF, the Settling Parties have executed this Stipulation by their executed counsel effective as of the date set forth below.

Dated: November 15, 2019

BITHELL LAW

By: /s/Walter H. Bithell
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-and-

ANGSTMAN JOHNSON

By: /s/T.J. Angstman
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Attorneys for Plaintiffs and Proposed Class

**MINTZ LEVIN COHN FERRIS
GLOVSKY & POPEO, P.C.**

By: /s/Sean T. Prosser
Sean T. Prosser (admitted *pro hac vice*)
3580 Carmel Mountain Road, Suite 300
San Diego, CA 92130
Telephone: (858) 314-2152
STProsser@mintz.com

- and -

PERKINS COIE LLP

By: /s/Richard C. Boardman
Richard C. Boardman
1111 West Jefferson Street, Suite 500
Boise, ID 83702-5391
Telephone: (208) 343-3434
RBoardman@perkinscoie.com

Attorneys for Defendants Blackhawk Gold, LLC, Blackhawk Manager, LLC, Blackhawk on the River, LLC, Idaho State Regional Center, LLC, ISR Capital, LLC, The McCall Associates, LLC, Idaho State Gold Company, LLC, Lemhi Gold Trust, LLC, and the Independent Manager

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on November 15, 2019, I filed the foregoing electronically through the CM/ECF system, which caused the following parties or counsel to be served by electronic means, as more fully reflected on the Notice of Electronic Filing:

Dennis M. Charney
dennischarney@gmail.com

*Attorney for Defendants Richard
K. Getty and R.K. Getty Corporation*

Paul R. Mangiantini
MANGIANTINI LAW OFFICE
paul@mangiantinilaw.com

Attorneys for Defendant Jerry R. Barnett

Brian L. Webb
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Attorneys for Defendant Debra Riddle

Walter H. Bithell
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Attorneys for Plaintiffs

Eric B. Swartz
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*Attorneys for Defendants Serofim Muroff and
Equity Recap Account, LLC*

/s/Sean T. Prosser
Sean T. Prosser

EXHIBIT A

EXHIBIT A

**UNITED STATES DISTRICT COURT FOR
THE DISTRICT OF IDAHO**

HONGBO SHAO, et al.,

Plaintiffs,

v.

SEROFIM MUROFF, et al.,

Defendants.

Case No. 1:18-cv-00295-BLW

**ORDER PRELIMINARILY
APPROVING PARTIAL SETTLEMENT
AND PROVIDING FOR NOTICE**

WHEREAS, (i) Proposed Class Representatives YU ZHANG, DONGHUI DENG, JINGYUAN ZHANG, HONGBO SHAO, and WENWEI FAN (“Proposed Class Representatives”), as Plaintiffs and on behalf of the Settlement Class (as defined herein), and (ii) and Settling Defendants BLACKHAWK GOLD, LLC (“Blackhawk Gold”), BLACKHAWK ON THE RIVER, LLC (“BOTR”), IDAHO STATE REGIONAL CENTER, LLC (“ISRC”), ISR CAPITAL, LLC (“ISR Capital”), THE MCCALL ASSOCIATES, LLC (“McCall Associates”), IDAHO STATE GOLD COMPANY, LLC (“Idaho State Gold”), and LEMHI GOLD TRUST, LLC (“Lemhi Gold”) (collectively, “Settling Defendants”), have entered, by and through their respective counsel, into a partial settlement of the claims as to the Settling Defendants asserted in this action, the terms of which are set forth in a Stipulation of Partial Settlement, dated November 15, 2019 (the “Partial Settlement”), which is subject to review under Rule 23 of the Federal Rules of Civil Procedure and which, together with the exhibits thereto, sets forth the terms and conditions for the proposed settlement of the claims alleged in the Fourth Amended Complaint (the “Complaint”) filed in this action; and the Court having read and considered the Partial Settlement, the proposed “Notice of Pendency and Proposed Partial Settlement of Class Action” (“Notice”) and the proposed form of Order and Final Judgment, and submissions made relating thereto, and finding that substantial and sufficient grounds exist for entering this Order;

NOW, THEREFORE, IT IS HEREBY ORDERED THAT:

ORDER PRELIMINARILY APPROVING PARTIAL SETTLEMENT AND PROVIDING FOR
NOTICE - 1

1. Capitalized terms used herein have the meanings defined in the Partial Settlement.

2. Pursuant to this Court's Order, this action is certified as a class action for the settlement set forth in the Partial Settlement, only, on behalf of all Persons (including, without limitation, their beneficiaries) who acquired Member Interests in Blackhawk Gold, LLC during the Class Period of January 1, 2010 through August 15, 2019, excluding any Developer Units.

3. A hearing (the "Final Settlement Hearing") pursuant to Federal Rule of Civil Procedure 23(e) is hereby scheduled to be held before the Court on _____ at _____ for the following purposes:

- a. to finally determine whether the action satisfies the applicable prerequisites for class action treatment under Federal Rules of Civil Procedure 23(a) and (b);
- b. to finally determine whether the Partial Settlement is fair, reasonable, and adequate, and should be approved by the Court;
- c. to finally determine whether the Final Judgment and Order as provided under the Partial Settlement should be entered, dismissing the Complaint on the merits and with prejudice as to Settling Defendants, and to determine whether the release by the Class of the Released Parties as set forth in the Partial Settlement, should be ordered, along with a permanent injunction barring efforts to bring any claims extinguished by the release;
- d. to consider any Class Members' objections to the Partial Settlement, whether submitted previously in writing or presented orally at the Final Settlement Hearing by Class Members (or by counsel on their behalf); and
- e. to rule upon such other matters as the Court may deem appropriate.

4. The Court reserves the right to adjourn the Final Settlement Hearing to a later date and to approve the Partial Settlement with or without modification and with or without further notice of any kind. The Court further reserves the right to enter its Final Judgment and Order approving the Settlement and dismissing the Complaint, on the merits and with prejudice as to Settling Defendants.

5. The Court reserves the right to approve the Partial Settlement with such modifications as may be agreed upon or consented to by the Settling Parties and without further notice to the Class where to do so would not impair the Settlement Class members' rights in a manner inconsistent with Rule 23 and due process of law.

6. The Court approves the form, substance and requirements of the Notice, which is an exhibit to the Partial Settlement.

7. Plaintiffs' counsel has the authority to enter into the Partial Settlement on behalf of the Settlement Class and is authorized to act on behalf of the Settlement Class with respect to all acts or consents required by or that may be given pursuant to the Partial Settlement or such other acts that are reasonably necessary to consummate the Settlement.

8. Plaintiffs' counsel shall cause the Notice, substantially in the form annexed hereto, to be mailed, by first class mail, postage prepaid, within twenty-one (21) calendar days of the entry of this Order, to all Settlement Class members who can be identified with reasonable effort by the Settling Parties.

9. Plaintiffs' counsel shall also make all reasonable efforts to give notice to any nominee owners and other persons or entities who acquired Member Interests in Blackhawk Gold, LLC during the Class Period. All such nominee purchasers are directed to forward copies of the Notice and Proof of Claim to their beneficial owners. Additional copies of the Notice shall be made available to any record holder requesting same for the purpose of distribution to beneficial owners.

10. Plaintiffs' counsel shall, at or before the Final Settlement Hearing, serve upon Settling Defendants' counsel, and file with the Court, proof of mailing of the Notice, both to the Settlement Class and to nominees.

11. Settlement Class members shall be bound by all determinations and judgments in the action, whether favorable or unfavorable, unless such persons request exclusion from the Class in a timely and proper manner, as hereinafter provided. A Settlement Class member wishing to make such request shall mail it, in written form, by first class mail, postage prepaid, or otherwise

ORDER PRELIMINARILY APPROVING PARTIAL SETTLEMENT AND PROVIDING FOR NOTICE - 3

deliver it, so that it is received no later than _____, to the addresses listed in the Notice. Such request for exclusion shall clearly indicate the name and address, phone number, and email address (if any) of the person seeking exclusion, state that the sender requests to be excluded from the Class, and must be signed by such person. Such persons requesting exclusion are also required to specify all their Member Interests in Blackhawk Gold, LLC during the Class Period. The request for exclusion shall not be effective unless it provides the required information, is legible, and is made within the time stated above, or the exclusion is otherwise accepted by the Court. Plaintiffs' counsel may contact any person or entity filing a request for exclusion, or their attorney if one is designated, to discuss the exclusion.

12. The Court will consider comments and/or objections to the Partial Settlement only if such comments or objections and any supporting papers are filed no later than _____. Such comments and/or objections are to be served upon each of the following no later than _____:

COUNSEL FOR PLAINTIFFS:

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J. Justin May
T.J. Angstman
Kylie L. Madsen
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kylie@angstman.com

COUNSEL FOR SETTLING DEFENDANTS:

Sean T. Prosser
MINTZ LEVIN COHN FERRIS GLOVSKY & POPEO, P.C.
3580 Carmel Mountain Road, Suite 300
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Richard C. Boardman
PERKINS COIE LLP
1111 West Jefferson Street, Suite 500
Boise, ID 83702-5391
Telephone: 208.343.3434
Email: RBoardman@perkinscoie.com

14. Attendance at the Final Settlement Hearing is not necessary but persons wishing to be heard orally in opposition to the Partial Settlement are required to indicate in their written objection (or in a separate writing that is submitted in accordance with the deadline) that they intend to appear at the Final Settlement Hearing and identify any witnesses they may call to testify or exhibits they intend to introduce into evidence at the Final Settlement Hearing. Settlement Class members do not need to appear at the Final Settlement Hearing or take any other action to indicate their approval. Any Settlement Class member who does not object in the manner prescribed above shall be deemed to have waived all such objections and shall forever be foreclosed from making any objection to the fairness, adequacy or reasonableness of the Settlement, or the Final Judgment and Order to be entered approving the Partial Settlement.

15. The Court reserves the right to adjourn the Final Settlement Hearing without any further notice other than entry of an Order on the Court's docket, and to approve the Partial Settlement without further notice to the Settlement Class.

16. All papers in support of the Partial Settlement shall be filed and served no later than _____.

17. Any submissions filed in response to any objections or in further support of the Partial Settlement shall be filed no later than _____.

18. Neither the Partial Settlement, nor any of its terms or provisions, nor the negotiations or proceedings connected with it, shall be construed as an admission or concession by Settling Defendants of the truth of any allegations in the Complaint, or of any liability, fault, or wrongdoing of any kind.

19. In the event the Partial Settlement is not consummated pursuant to its terms, the Partial Settlement, except as otherwise provided therein, including any amendment(s) thereto, and this Order, shall be null and void, of no further force or effect, and without prejudice to any Settling Party, and may not be introduced as evidence or referred to in any action or proceedings by any person or entity.

IT IS SO ORDERED.

DATED: _____, 2019

The Honorable B. Lynn Winmill
U.S. District Court Judge

EXHIBIT A-1

EXHIBIT A-1

**UNITED STATES DISTRICT COURT FOR
THE DISTRICT OF IDAHO**

HONGBO SHAO, et al.,

Plaintiffs,

v.

SEROFIM MUROFF, et al.,

Defendants.

Case No. 1:18-cv-00295-BLW

**NOTICE OF PROPOSED PARTIAL
SETTLEMENT OF CLASS ACTION**

Under law, a federal court has authorized this notice.

If you purchased or otherwise acquired Member Interests in Blackhawk Gold, LLC (“Blackhawk Gold”) between January 1, 2010 through August 15, 2019 (“Class Period”), you may be a member of the Settlement Class (“Class”) and your rights may be affected by the partial settlement (“Partial Settlement”) of this action.

The Partial Settlement does not end this lawsuit against all the Defendants. Defendants Serofim Muroff, Raymond Ku, Winner Xing, Equity Recap Account, LLC, Westlead Capital Inc. d/b/a Westlink or West Link, and Worldway Group (“Non-Settling Defendants”) will remain in this lawsuit and this action.

A summary of the Partial Settlement is included below but is not intended to describe all of the material terms of the Partial Settlement:

- If approved by the Court, the Partial Settlement provides that the current Managing Member of Blackhawk Gold expects to terminate its engagement concurrently with the election of a Newly Elected Managing Member chosen by the members of Blackhawk Gold. The current Managing Member will cooperate with the members to facilitate the election of the Newly Elected Managing Member to manage Blackhawk Gold for the benefit of the members.
- Under the Partial Settlement, Defendants Blackhawk Gold, LLC (“Blackhawk Gold”), Blackhawk on the River, LLC (“BOTR”), Idaho State Regional Center, LLC (“ISRC”), ISR Capital, LLC (“ISR Capital”), The McCall Associates, LLC (“McCall Associates”), Idaho State Gold Company, LLC (“Idaho State Gold”), and Lemhi Gold Trust, LLC (“Lemhi Gold”) (collectively, the “Settling Defendants”) are the only parties that will be released from the lawsuit, except that Blackhawk Manager also will be considered a Settling Defendant if the parties confirm that Defendant Muroff (or any entity he controls) is not its owner. The Non-Settling Defendants will remain in the lawsuit.

- As part of the Partial Settlement, the Settling Defendants have confirmed BOTR, McCall Associates, Idaho State Gold, and Lemhi Gold are entities that are owned in whole or in part, either directly or indirectly, by Blackhawk Gold. This information is not publicly available and was only discovered by the Plaintiffs after significant investigation.
- The Newly Elected Managing Member shall be the party elected by Majority Interest Vote as a successor Managing Member of Blackhawk Gold, as contemplated in Section 9.9 of the Blackhawk Gold Operating Agreement. The Independent Manager and Independent Monitor expect to terminate their engagements with Blackhawk Manager concurrently with the election of the Newly Elected Managing Member.
- As to Blackhawk Gold, BOTR, ISRC, ISR Capital, McCall Associates, Idaho State Gold, and Lemhi Gold, the Partial Settlement fully resolves this lawsuit and all actual or potential claims that you or any Class member may have against these entities related to your investments in Blackhawk Gold, including those described in the Fourth Amended Complaint filed on February 1, 2019. The lawsuit will continue against the Non-Settling Defendants in this action.
- Your legal rights will be affected whether you act or do not act. If you do not act, you may permanently forfeit your right to object to this Partial Settlement. Therefore, you should read this notice carefully.
- You can locate information about the Partial Settlement, including the pertinent documents at: _____.

YOUR LEGAL RIGHTS AND OPTIONS IN THIS PARTIAL SETTLEMENT

| | |
|---|--|
| EXCLUDE YOURSELF NO LATER THAN _____, 2019 | This is the only option that allows you to be part of any other lawsuit against the Settling Defendants about the legal claims in this case. |
| OBJECT NO LATER THAN _____, 2019 | Write to the Court about why you do not like the settlement. |
| GO TO A HEARING ON _____, 2019 | Speak in Court about the fairness of the settlement. You must provide notice to the Court of your intent to speak in Court by _____. |
| DO NOTHING | Give up your other options set forth above. |

INQUIRIES

Please do not contact the Court regarding this notice. All inquiries concerning this Notice, the Proof of Claim form, or any other questions by Class members should be directed to:

| | | |
|--|------------------|--|
| <p>COUNSEL FOR PLAINTIFFS:</p> <p>Walter H. Bithell BITHELL LAW PLLC 199 N Capitol Blvd, Suite 500 Boise, ID 83702 Telephone: 208.336.4440 Email: walter@bithelllaw.com</p> <p>J. Justin May T.J. Angstman Kylie L. Madsen ANGSTMAN JOHNSON 199 N. Capitol Blvd., Suite 200 Boise, Idaho 83702 Telephone: (208) 384-8588 Email: tj@angstman.com kylie@angstman.com jjm@angstman.com</p> | <p>Or</p> | <p>COUNSEL FOR SETTLING DEFENDANTS:</p> <p>Sean T. Prosser MINTZ LEVIN COHN FERRIS GLOVSKY & POPEO, P.C. 3580 Carmel Mountain Road, Suite 300 San Diego, CA 92130 Telephone: 858.314.2152 Email: STProsser@mintz.com</p> <p>Richard C. Boardman PERKINS COIE LLP 1111 West Jefferson Street, Suite 500 Boise, ID 83702-5391 Telephone: 208.343.3434 RBoardman@perkinscoie.com</p> |
|--|------------------|--|

COMMON QUESTIONS AND ANSWERS CONCERNING THE PARTIAL SETTLEMENT

1. Why did I get this Notice?

You or someone in your family may have acquired Member Interests in Blackhawk Gold, LLC during the Class Period.

2. What is this lawsuit about?

The case is known as *Hongbo Shao, et al., individually and on behalf of a class of other similarly-situated persons v. Serofim Muroff, et al.*, Case No. 1:18-cv-00295-BLW (the “Litigation”), and the Court in charge of the case is the United States District Court for the District of Idaho.

The Class Action involves whether Plaintiffs’ investments in Blackhawk Gold were misappropriated or fraudulently transferred in violation of Idaho securities laws, based upon the allegations set forth in the Fourth Amended Complaint filed on February 1, 2019.

3. Does the Partial Settlement end the lawsuit?

No. The Partial Settlement resolves all of the claims in the Class Action against Defendants Blackhawk Gold, BOTR, ISRC, ISR Capital, McCall Associates, Idaho State Gold, and Lemhi Gold. The remaining claims against the Non-Settling Defendants will continue after the Partial Settlement is finalized.

4. Why is this a class action?

In a class action, one or more persons and/or entities, called Plaintiff, sues on behalf of all persons and/or entities who have similar claims. All of these persons and/or entities are referred to collectively as a Class, and these individual persons and/or entities are known as Class Members. One court resolves all of the issues for all Class Members, except for those Class Members who exclude themselves from the Class.

5. Why is there a Settlement?

Plaintiffs and the Settling Defendants do not agree regarding the merits of Plaintiffs’ allegations with respect to liability or the amount of damages that would be recoverable if Plaintiffs were to prevail at trial on each claim. This matter has not gone to trial and the Court has not decided in favor of either Plaintiffs or the Settling Defendants. Instead, Plaintiffs and the Settling Defendants have agreed to settle the Class Action as to the claims against the Settling Defendants, only. The Plaintiff and Class Counsel believe the settlement is best for all Class Members because of the risks and costs associated with continued litigation and the nature of the defenses raised by Settling Defendants. Even if Plaintiff were to win at trial, Settling Defendants could file an appeal, the outcome of which would be uncertain.

6. How do I know if I am part of the Class settlement?

You are part of the Class settlement if you are a Class Member. To be a Class Member, you must have acquired Member Interests in Blackhawk Gold, LLC between January 1, 2010 through August 15, 2019.

7. What does the Partial Settlement provide?

Under the Partial Settlement, Defendants Blackhawk Gold, Blackhawk Manager, BOTR, ISRC, ISR Capital, McCall Associates, Idaho State Gold, and Lemhi Gold, by and through the Independent Manager, shall facilitate the transfer of management control to the Newly Elected Managing Member. The Newly Elected Managing Member shall be the party elected by Majority Interest Vote as a successor Managing Member of Blackhawk Gold, as contemplated in Section 9.9 of the Blackhawk Gold Operating Agreement. To do so, the Independent Manager and the Independent Monitor will work cooperatively with the Newly Elected Manager for a reasonable period of time to be negotiated and conditioned upon execution of separate engagement agreements that will describe further terms, including compensation. Further, the Independent Manager and Independent Monitor expect to terminate their engagements with Blackhawk Manager concurrently with the election of the Newly Elected Managing Member.

8. What am I giving up by staying in the Class?

Unless you exclude yourself, you will remain in the Class. That means that if the Partial Settlement is approved, you and all Class Members will release the Released Claims against the “Released Parties” defined as the Settling Defendants, as well as the Independent Manager, the Independent Monitor, and the Independent Manager’s and Independent Monitor’s affiliates, owners, members, officers, contractors, agents, attorneys, accountants, consultants, employees, and vendors. If you sign the claim form, you are agreeing to a Release of Claims which will bar you from ever filing a lawsuit against any Released Party.

Further detail and information about what you are agreeing to and giving up is detailed in the Stipulation of Partial Settlement, which was filed in this case on November 15, 2019.

9. How do I get out of the Settlement?

If you want to keep any right you may have to sue or continue to sue the Settling Defendants on your own based on the legal claims raised in this Class Action, then you must take steps to get out of the Partial Settlement. This is called excluding yourself from – or “opting out” of – the Partial Settlement. To exclude yourself from the Partial Settlement, you must mail a letter stating you want to be excluded as a Class Member from *Hongbo Shao, et al., individually and on behalf of a class of other similarly-situated persons v. Serofim Muroff, et al.*, Case No. 1:18-cv-00295-BLW. Be sure to include your name, address, telephone number and your signature, along with an accurate list of all of your investments in Blackhawk Gold, and supporting account documentation. You must mail your exclusion request so that it is received no later than _____, 2019 to:

You cannot exclude yourself by telephone or by e-mail. If you ask to be excluded, you cannot object to the Settlement. If you ask to be excluded in conformity with this Notice, you will not be legally bound by anything that happens in this Class Action.

10. If I do not exclude myself, can I sue the Settling Defendants for the same thing later?

No. Unless you exclude yourself, you give up any right to sue any Settling Defendants for the claims that this Partial Settlement resolves. If you have a pending lawsuit, speak to your lawyer in that case immediately, since you may have to exclude yourself from this Class to continue your own lawsuit.

11. If I do not exclude myself, can I sue the Non-Settling Defendants?

Yes. You can file a separate lawsuit, but this lawsuit will continue as to the Non-Settling Defendants.

12. Do I have a lawyer in this case?

As part of the settlement, Plaintiffs have requested that the Court appoint the law firms Bithell Law PLLC and Angstman Johnson to represent the Class Members for the purposes of this settlement ("Class Counsel"). You have the option to retain your own separate counsel, at your own cost and expense. You need not retain your own separate counsel to opt-out, object, or appear at the Settlement Hearing.

13. How do I tell the Court that I do not like the Partial Settlement?

You can tell the Court you do not agree with the Partial Settlement, any part of the Partial Settlement, and that you think the Court should not approve the Partial Settlement, by mailing a letter stating that you object to the Partial Settlement in the matter of *Hongbo Shao, et al., individually and on behalf of a class of other similarly-situated persons v. Serofim Muroff, et al.*, Case No. 1:18-cv-00295-BLW. Be sure to include your name, address, telephone number, your signature, a list of all of your investments in Blackhawk Gold to show your membership in the Class, and all of the reasons you object to the Partial Settlement. Be sure to mail the objections to the three different places listed below, received no later than _____, 2019, so the Court will consider your views:

Clerk of the Court

United States District Court
District of Idaho
550 W. Fort St., Suite 400
Boise, ID 83724

Counsel for Plaintiffs:

Walter H. Bithell
BITHELL LAW
199 N Capitol Blvd, Suite 500
Boise, ID 83702
Telephone: 208.336.4440
Email: walter@bithelllaw.com

Counsel for Settling Defendants:

Sean T. Prosser
MINTZ LEVIN COHN FERRIS GLOVSKY
& POPEO, P.C.
3580 Carmel Mountain Road, Suite 300
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Telephone: 858.314.2152
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Richard C. Boardman
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Attendance at the Settlement Hearing is not necessary but persons wishing to be heard orally in opposition to the Partial Settlement are required to indicate in their written objection (or in a separate writing that is submitted in accordance with the deadline and after instruction pertinent to the submission of a written objection) that they intend to appear at the Settlement Hearing and identify any witnesses they may call to testify or exhibits they intend to introduce into evidence at the Settlement Hearing.

14. What is the difference between objecting and requesting exclusion?

Objecting is simply telling the Court you do not like something about the Partial Settlement. You can object only if you stay in the Class. Requesting exclusion is telling the Court you do not want to be part of the Class and Partial Settlement. If you exclude yourself, you cannot object to the Partial Settlement because it no longer concerns you. If you stay in the Class and object, but your objection is overruled, you will not be allowed a second opportunity to exclude yourself and you will be bound by any order issued by the Court.

15. When and where will the Court decide whether to approve the Partial Settlement?

The Court will hold a Settlement Hearing on _____, 2019, at ____:____.m., at the United States District Court, District of Idaho, 550 W. Fort St., Boise, ID 83724.

At this hearing, the Court will consider whether the Partial Settlement is fair, reasonable, and adequate and whether to approve the Partial Settlement. If there are objections, the Court will consider them, and the Court will listen to people who have asked to speak at the hearing.

16. Do I have to come to the hearing?

No. Class Counsel will answer any questions the Court may have. However, you are welcome to attend at your own expense. If you send an objection, you do not have to come to Court to talk about it. If you mail your written objection on time, the Court will consider it.

17. What happens if I do nothing at all?

Unless you exclude yourself, you will not be able to start a lawsuit, continue with a lawsuit, or be part of any other lawsuit against Settling Defendants about the claims made in this case ever again.

EXHIBIT B

EXHIBIT B

**UNITED STATES DISTRICT COURT FOR
THE DISTRICT OF IDAHO**

HONGBO SHAO, et al.,

Plaintiffs,

v.

SEROFIM MUROFF, et al.,

Defendants.

Case No. 1:18-cv-00295-BLW

**[PROPOSED] FINAL JUDGMENT AND ORDER
OF DISMISSAL WITH PREJUDICE**

On the ____ day of _____, 2019, a hearing having been held before this Court to determine whether the terms and conditions of the Stipulation of Partial Settlement (the “Partial Settlement”) dated November 15, 2019 are fair, reasonable, and adequate for the settlement of all claims asserted by (i) the Settlement Class against (ii) Settling Defendants BLACKHAWK GOLD, LLC (“Blackhawk Gold”), BLACKHAWK ON THE RIVER, LLC (“BOTR”), IDAHO STATE REGIONAL CENTER, LLC (“ISRC”), ISR CAPITAL, LLC (“ISR Capital”), THE MCCALL ASSOCIATES, LLC (“McCall”), IDAHO STATE GOLD COMPANY, LLC (“Idaho State Gold”), and LEMHI GOLD TRUST, LLC (“Lemhi Gold”) (collectively, “Settling Defendants”); and

The Court having considered all matters submitted to it at the hearing and otherwise; and it appearing that the Notice substantially in the form approved by the Court in the Court’s Order Preliminarily Approving Settlement and Providing For Notice (“Preliminary Approval Order”) was mailed to all reasonably identifiable Settlement Class Members; and

It appearing that the Notice of Proposed Partial Settlement of Class Action substantially in the form approved by the Court in the Order Preliminarily Approving Partial Settlement and

Providing for Notice was published in accordance with that Order and the specifications of the Court;

NOW, THEREFORE, IT IS HEREBY ORDERED, ADJUDGED AND DECREED THAT:

1. This Judgment incorporates by reference the Partial Settlement, and all capitalized terms used, and not defined herein, have the same meanings as set forth and defined in the Partial Settlement.

2. The Court has jurisdiction over the subject matter of this action, Plaintiffs, all Settlement Class Members, and Settling Defendants.

3. For purposes of this settlement, this is a class action on behalf of all Persons (including, without limitation, their beneficiaries) who purchased or otherwise acquired Member Interests in Blackhawk Gold, LLC between January 1, 2010 through August 15, 2019, excluding any Developer Units.

4. The Court hereby finds that the forms and methods of notifying the Settlement Class of the settlement and its terms and conditions met the requirements of due process and Rule 23 of the Federal Rules of Civil Procedure, Section 21D(a)(7) of the Exchange Act, 15 U.S.C. § 78u-4(a)(7), as amended by the Private Securities Litigation Reform Act of 1995; constituted the best notice practicable under the circumstances; and constituted due and sufficient notice to all persons and entities entitled thereto of these proceedings and the matters set forth herein, including the Partial Settlement, to all persons entitled to such notice. No Settlement Class Member is relieved from the terms of the settlement, including the releases provided for therein, based upon the contention or proof that such Settlement Class Member failed to receive actual or adequate notice. A full opportunity has been offered to the Settlement Class Members to object to the

proposed settlement and to participate in the hearing thereon. The Court further finds that the notice provisions of the Class Action Fairness Act, 28 U.S.C. § 1715, were fully discharged. Thus, it is hereby determined that all members of the Class are bound by this Final Judgment and Order except those persons listed on Exhibit A to this Final Judgment and Order.

5. The Partial Settlement is approved as fair, reasonable and adequate, and in the best interests of the Settlement Class. Plaintiffs and Settling Defendants are directed to consummate the settlement in accordance with the terms and provisions of the Partial Settlement.

6. This action and the Fourth Amended Complaint (“Complaint”) are hereby dismissed with prejudice as to all Settling Defendants, and without attorneys’ fees and costs.

7. The Releasing Parties hereby release and forever discharge the Released Parties from any and all Released Claims. The Releasing Parties, and anyone acting or purporting to act for any of them, are hereby permanently and forever enjoined from prosecuting, attempting to prosecute, or assisting others in the prosecution of the Released Claims against the Released Parties.

8. Each of the Settling Defendants, including any and all of their respective successors in interest or assigns, hereby release and forever discharge any and all Settling Defendants’ claims against the Plaintiffs, any of the Settlement Class Members, and any of their counsel, which arise out of, concern, or relate to the institution, prosecution, settlement, or dismissal of the Action.

9. With respect to any and all Released Claims, by operation of this Final Judgment, Plaintiffs hereby waive, and each of the Settlement Class Members shall be deemed to have waived, the provisions, rights and benefits of California Civil Code § 1542, which provides:

A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing

the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or released party.

By operation of this Final Judgment, Plaintiffs hereby waive, and each of the Settlement Class Members shall be deemed to have waived, any and all provisions, rights and benefits conferred by any law of any state territory, foreign country or principle of common law, which is similar, comparable or equivalent to California Civil Code § 1542. Plaintiffs and/or one or more Settlement Class Members may hereafter discover facts in addition to or different from those which he, she or it now knows or believes to be true with respect to the subject matter of the Released Claims, but Plaintiffs hereby expressly fully, finally and forever settle and release, and each Settlement Class Member, shall be deemed to have, and by operation of this Final Judgment shall have fully, finally and forever settled and released, any and all Released Claims, known or unknown, suspected or unsuspected, contingent or non-contingent, whether or not concealed or hidden, which now exist, or heretofore have existed, including, but not limited to, conduct which is negligent, intentional, with or without malice, or breach of any duty, law or rule, without regard to the subsequent discovery or existence of such different or additional facts. By operation of this Final Judgment, Plaintiffs acknowledge, and each of the Settlement Class Members shall be deemed to have acknowledged, that the foregoing waiver was separately bargained for and is a key element of the Partial Settlement of which this release is a part.

10. Upon the Effective Date, all Persons, including, but not limited to, Plaintiffs, on behalf of themselves and the Settlement Class, Settlement Class Members (i.e. those who have not timely opted out of, or timely requested exclusion from, the Settlement Class), and the Non-Settling Defendants, shall be enjoined and barred from commencing or continuing any claim, cross-claim, third-party claim, claim over, or action in any forum against the Released Parties,

seeking, as damages, indemnity, contribution, or otherwise, the recovery of all or part of any liability or settlement which such persons (i) paid, (ii) were obligated to pay or agreed to pay, or (iii) may become obligated to pay to the Settlement Class, as a result of such persons' liability for or participation in any acts, facts, statements or omissions that were or could have been alleged in the Action. In addition, all Released Parties shall be enjoined and barred from commencing or continuing any claim, cross-claim, third-party claim, claim over, or action in any forum against any other person, seeking, as damages, indemnity, contribution, or otherwise, the recovery of all or part of any liability or settlement which such persons (i) paid, (ii) were obligated to pay or agreed to pay, or (iii) may become obligated to pay to the Settlement Class, as a result of such Released Parties' liability for or participation in any acts, facts, statements or omissions that were or could have been alleged in the Action.

11. In accordance with 15 U.S.C. § 78u-4(f)(7) and any other applicable law or regulation, any and all claims which are brought by any Person or entity against Settling Defendants (a) for contribution or indemnification arising out of any Released Claims, or (b) where the damage to the claimant is measured by reference to the claimant's liability to the Plaintiffs or the Settlement Class, are hereby permanently barred and discharged. Any such claims for contribution arising out of the Released Claims brought by Settling Defendants against any Person or entity (other than Persons or entities whose liability to Plaintiff or the Settlement Class is extinguished by this Judgment) are likewise permanently barred and discharged.

12. The Court finds that all parties and their counsel have complied with each requirement of Rule 11 of the Federal Rules of Civil Procedure as to all proceedings herein.

13. Neither this Final Judgment and Order, the Partial Settlement, nor any of the negotiations, documents or proceedings connected with them shall be:

(a) construed against Settling Defendants or against Plaintiffs or the Settlement Class as an admission or concession that the consideration to be given hereunder represents the amount which could be or would have been recovered after trial;

(b) construed as, or received in evidence as, an admission, concession or presumption against the Settlement Class or any of them, that any of their claims are without merit; or

(c) used or construed as an admission of any fault, liability or wrongdoing by any person or entity, or offered or received in evidence as an admission, concession, presumption or inference against any of the Settling Defendants in any proceeding other than such proceedings as may be necessary to consummate or enforce the Partial Settlement.

14. Exclusive jurisdiction is hereby retained over Settling Defendants and the Settlement Class Members for all matters relating to this action, including the administration, interpretation, effectuation or enforcement of the Partial Settlement and this Final Judgment and Order.

15. Without further order of the Court, Settling Defendants and Plaintiffs may agree to reasonable extensions of time to carry out any of the provisions of the Partial Settlement.

16. There is no just reason for delay in the entry of this Final Judgment and Order, and immediate entry by the Clerk of the Court is directed pursuant to Rule 54(b) of the Federal Rules of Civil Procedure.

IT IS SO ORDERED.

Dated: _____, 2019

The Honorable B. Lynn Winmill
U.S. District Court Judge