

UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF IDAHO

HONGBO SHAO, *et al.*,

Plaintiffs,

v.

SEROFIM MUROFF,<sup>1</sup> *et al.*,

Defendants.

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

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

Before the Court is the Plaintiffs' Motion for Preliminary Approval of Class Action Settlement and Approval of Class Notice Proposal (Dkt. 149). The Court held a hearing on the motion on January 31, 2020 and took it under advisement. For the reasons that follow the Court will grant the motion.

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 Settling Defendants BLACKHAWK GOLD, LLC ("Blackhawk Gold"), BLACKHAWK ON THE RIVER, LLC ("BOTR"), IDAHO STATE

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<sup>1</sup> Debra L. Riddle was inadvertently listed as the lead defendant when this case was removed from state court. Riddle was dismissed from the case on March 25, 2019. From this point forward, for clarity the Court will refer to Serofim Muroff as the lead defendant, which is how the original complaint was captioned.

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 Plaintiffs asserted in this action. The terms of which are set forth in a Stipulation of Partial Settlement, dated November 15, 2019 (Dkt. 148) (“Partial Settlement”). The Partial Settlement, together with the exhibits attached thereto, sets forth the terms and conditions for the proposed settlement of the claims alleged in the Fourth Amended Complaint (the “Complaint”) as against Settling Defendants.

The partial settlement is subject to review under Rule 23 of the Federal Rules of Civil Procedure. *See K.W. v. Armstrong*, 180 F. Supp. 3d 703, 723 (D. Idaho 2016). The Court has 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. The Court finds that the proposed settlement appears to be the product of serious, informed, non-collusive negotiations, does not improperly grant preferential treatment to class representatives or segments of the class, and falls within the range of possible approval. The Court will require the parties to

include a short, plain-language cover notice to the class members. An approved cover notice will be filed concurrently with this order. Accordingly,

NOW, THEREFORE, IT IS HEREBY ORDERED THAT:

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 **July 14, 2020 at 11:00 a.m.** at the U.S. Courthouse in Boise, Idaho 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.

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. The Parties shall provide a

short, plain-language cover notice to class members. An approved cover notice will be filed concurrently with this order.

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 deliver it, so that it is received no later than **March 24, 2020**, 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 **March 24, 2020**. Such comments and/or objections are to be served upon each of the following no later than **March 24, 2020**:

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COUNSEL FOR SETTLING DEFENDANTS:

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13. 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. All papers in support of the Partial Settlement shall be filed and served no later than **June 2, 2020**.

16. Any submissions filed in response to any objections or in further support of the Partial Settlement shall be filed no later than **June 23, 2020**.

17. 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.

18. 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.



DATED: February 11, 2020

*B. Lynn Winmill*

B. Lynn Winmill  
U.S. District Court Judge