SCIO DIAMOND TECHNOLOGY CORP

FORM 8-K
(Current report filing)

Filed 06/26/14 for the Period Ending 06/22/14

Address	411 UNIVERSITY RIDGE, SUITE D GREENVILLE, SC 29601
Telephone	864.346.2733
CIK	0001488934
Symbol	SCIO
SIC Code	3290 - Abrasive, Asbestos, And Miscellaneous
Industry	Constr. - Supplies & Fixtures
Sector	Capital Goods
Fiscal Year	03/31

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **June 22, 2014**

SCIO DIAMOND TECHNOLOGY CORPORATION
(Exact name of registrant as specified in its charter)

Nevada	**333-166786**	**45-3849662**
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

411 University Ridge Suite D **Greenville, SC** (Address of principal executive offices)	**29601** (Zip Code)

Registrant's telephone number, including area code: **(864) 751-4880**

Not applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01 Entry into a Material Definitive Agreement.

On June 22, 2014 Scio Diamond Technology Corporation (the " **Company** ") entered into Amendment No. 1 (the " **Amendment** ") to the Rights Agreement, dated as of April 15, 2014, between the Company and Empire Stock Transfer Inc., as Rights Agent (the " **Rights Agreement** ").

The Amendment accelerates the expiration of the Company's common stock purchase rights (the " **Rights** ") from the close of business on April 15, 2017 to the close of business on June 22, 2014, and the Rights Agreement terminated at that time. At the time of the termination of the Rights Agreement, all of the Rights distributed to holders of common stock pursuant to the Rights Agreement expired.

The Amendment is attached hereto as Exhibit 4.1 and is incorporated by reference herein. The foregoing description of the Amendment is qualified in its entirety by reference to such exhibit.

Item 1.02 Termination of a Material Definitive Agreement.

The information set forth in Item 1.01 of this Current Report on Form 8-K is incorporated herein by reference.

Item 3.03 Material Modification of the Rights of Security Holders.

The information set forth in Item 1.01 of this Current Report on Form 8-K is incorporated herein by reference.

Item 5.01 Change in Control of Registrant.

The change in the composition of the board described in Item 5.02 below (as contemplated by the Settlement Agreement, also described below) may, although approved by the board, be deemed to have resulted in a change of "control" of the Company within the meaning of Rule 12b-2 under the Securities Exchange Act of 1934, as amended. Please see Item 5.02 below.

Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

On June 23, 2014, the Company entered into a settlement agreement (the " **Settlement Agreement** ") by and among Edward S. Adams, Michael R. Monahan, Gerald McGuire, James Korn, Bruce Likly, Theodorus Strous, and Robert C. Linares, their present and past affiliates, such as Apollo Diamond, Inc., Apollo Diamond Gemstone Corporation, Adams Monahan LLP, Focus Capital Group, Inc. and Oak Ridge Financial Services Group, Inc., family members and spouses (the " **Adams Group** "), and Thomas P. Hartness, Kristoffer Mack, Paul Rapello, Glen R. Bailey, Marsha C. Bailey, Kenneth L. Smith, Bernard M. McPheely, James Carroll, Robert M. Daisley, Ben Wolkowitz, Craig Brown, Ronnie Kobrovsky, Lewis Smoak, Brian McPheely, Mark P. Sennott, the Sennott Family Charitable Trust, and their affiliates (the " **Save Scio Group** "), pursuant to which the Company and the Save Scio Group settled the previously

pending consent contest for the election of directors. Pursuant to the Settlement Agreement, on June 23, 2014, Messrs. Adams, Strous, Linares and McGuire resigned as directors effective immediately, the Board expanded the size of the Board to 7 directors and appointed Messrs. McPheely, Wolkowitz, Smoak and Leaverton (the " **Save Scio Nominees** ") to fill all but one of the resulting vacancies. Messrs. Korn and Likly resigned on June 23, 2014 and were immediately reappointed to the Board. In addition, the Company agreed to nominate each of Messrs. Korn and Likly (the " **Adams Group Nominees** ") and the Save Scio Nominees for election to the Board at the Company's 2014 annual meeting of stockholders. Pursuant to the Settlement Agreement, the Adams Group and the Save Scio Group must vote their shares of Common Stock for the other's nominees for the next three years, and will also have replacement rights in the event these nominees are unable to serve as directors.

The Settlement Agreement contains various other terms and provisions, including with respect to the transfer of (i) one million shares of Common Stock to the Company for cancellation and (ii) one million shares of Common Stock to the Save Scio Group, a portion of which is allocated for reimbursement by the Adams Group of the Save Scio Group's out-of-pocket expenses in connection with the nomination of the Save Scio Nominees and past litigation involving certain members of the Adams Group and the Save Scio Group (the " **Litigation** "), the Save Scio Group's withdrawal of the Litigation, termination of the Save Scio Group's consent solicitation, and accelerated expiration of the Company's stockholder Rights Agreement as discussed in Item 1.01 above. The Settlement Agreement is attached hereto as Exhibit 99.1 and is hereby incorporated by reference.

The foregoing description of the Settlement Agreement pursuant to which the Save Scio Nominees were appointed is qualified in its entirety by reference to such exhibit.

Except for the Settlement Agreement, there were no arrangements or understandings pursuant to which any of Messrs. McPheely, Wolkowitz, Smoak or Leaverton were appointed to the Board, and since the beginning of the last fiscal year, there have been no related party transactions between the Company and any of the director appointees.

Mr. McPheely, age 62, recently retired in December 2012 as President of Hartness International after more than 35 years of service. A leader in total solutions to the packaging industry, Hartness provides equipment globally to more than 100 countries. From startup and under Bern's guidance, Hartness was profitable every quarter since 1982. He spearheaded short and long term strategic planning, including four major company-wide transformations to reposition the Hartness value proposition, product portfolio and go-to-market strategy. Bern negotiated and executed the sale of Hartness to ITW (Illinois Tool Works) and was responsible for shepherding the transition from a family owned business to a public company. He has also been responsible for successful synergistic acquisitions. From 2000-2002 Bern was chairman of the PMMI ($6 billion member packaging association) and currently is on the Board of Directors of Dorner Manufacturing Corp. in Hartland Wisconsin. Bern was honored by Start Magazine as one of the top ten "CEO Visionaries Who Ignite Technology" and has briefed President Clinton and cabinet members on the state of US business. Bern previously worked with the US Department of Commerce. A graduate of The Thunderbird Graduate School of International Management, Bern also received his undergraduate degree from Albion College in Albion

Michigan. Mr. McPheely was a member of the Board from August 13, 2012 until Mr. McPheely resigned from the Board on May 13, 2013.

Mr. Wolkowitz, age 68, has had an extensive career in finance and economics. Most recently he headed Madison Financial Technology Partners, a consulting firm that advised technology companies on how to position their products for the financial services industry. Previously he was a Managing Director at Morgan Stanley where he had several assignments in the Fixed Income Division over a sixteen-year career. Initially he set up and ran their financial futures brokerage operation, then ran a significant portion of the Fixed Income sales force. He also was the head of Fixed Income Research and as his last assignment, prior to retiring, he managed a $100 million portfolio of technology companies in which Morgan Stanley had made investments. Prior to joining Morgan Stanley he was with Citicorp where he started and ran their fixed income futures brokerage operation. Before the New York phase of his career Mr. Wolkowitz was with the Board of Governors of the Federal Reserve System where he was in charge of Financial Studies, a department in the Division of Research and Statistics. His team was responsible for analyzing and advising Governors of the Board on financial markets and financial institutions. Mr. Wolkowitz joined the Fed after teaching at Tulane University in the economics department. At that time he was also a consultant to the Urban Institute in Washington, D.C. Mr. Wolkowitz has written and lectured extensively worldwide on both theoretical and applied topics in economics and finance. In addition he co-authored a book, Bank Capital, and has several articles republished in anthologies on financial and economic topics. Mr. Wolkowitz has a BA cum laude from Queens College and a PhD in economics from Brown University. Mr. Wolkowitz is also a Town Council Member, Madison N.J. and a member of the Advisory Board of the Great Swamp Watershed Association. Mr. Wolkowitz headed Madison Financial Technology Partners until December 2011. Mr. Wolkowitz has had no other employment during the past five years.

Mr. Smoak, age 70, is a founding partner of Ogletree, Deakins, Nash, Smoak & Stewart, which was founded in 1977. During more than 44 years of representing companies in labor and employment matters, he has personally handled approximately 300 union organizing and decertification campaigns. He has extensive experience in the development and implementation of preventive labor relations programs for clients in all regions of the country. He is among the one percent of U.S. lawyers listed in The Best Lawyers in America, and has also been selected by his peers for inclusion in the ABA's College of Labor and Employment Lawyers, and Chambers USA Leading Lawyers in America. Mr. Smoak is the author of three comprehensive nationwide labor relations studies in the construction industry. He has served on the Greenville (president) and South Carolina State Chambers of Commerce and currently serves on the State Chamber's Good Government Committee. He has served since 2002 as a member of South Carolina BIPEC's Board and its Executive Committee since 2004. He focuses community efforts on early childhood education issues, including service on United Way's Success by Six Board, and chairing both Greenville County (2001-2003) and the State of South Carolina's First Steps for School Readiness Board of Trustees (2003-2013). For his work in early childhood education, he was recognized and received the 2006 Ellis Island Medal of Honor.

Mr. Leaverton, age 58, is the former President of Private Client Group of RBC Wealth Management with management responsibility for more than 2,300 advisors and assets under

administration in excess of $200 billion in assets. Most recently, Mr. Leaverton was the Chief Executive Officer and a director of SNW Securities Corporation (acquired by Piper Jaffray in July, 2013). Karl is currently the Chairman of SNW Asset Management Corporation. Karl has more than 30 years of financial services experience. Mr. Leaverton earned a BS in Chemical Environmental Science from the University of Puget Sound and completed the course work for a BA in Economics. He earned a Master of Science degree in Infrastructure Management from Stanford University.

Item 5.03 Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year.

The Company's Board, as constituted immediately prior to the restructuring disclosed in Item 5.02 above, acting by unanimous written consent in lieu of a meeting, and pursuant to the Settlement Agreement, repealed, effective June 23, 2014, any amendments to the Bylaws adopted by the Board without the approval of stockholders after May 13, 2010. The effect of this repeal is to, among other things:

(i) revise the provision regarding notice of shareholder meetings;
(ii) restore the ability of shareholders to act by written consent and to take action without a meeting without advance approval by the Board of Directors;
(iii) delete a provision regarding adjournments of shareholder meetings;
(iv) revise the quorum requirement for shareholder meetings so that two persons, rather than the holders of a majority in voting power of the outstanding shares of stock entitled to vote at the meeting, shall constitute a quorum;
(v) delete a provision stating that a proxy shall be irrevocable if it states that it is irrevocable and if, and only as long as, it is coupled with an interest sufficient in law to support an irrevocable power;
(vi) delete a provision that at all meetings of shareholders for the election of directors at which a quorum is present a plurality of the votes cast shall be sufficient to elect and that all other elections and questions presented to the shareholders at a meeting at which a quorum is present shall be decided by the affirmative vote of the holders of a majority in voting power of the shares of stock of the Company which are present in person or by proxy and entitled to vote thereon;
(vii) delete a provision regarding who will preside at shareholder meetings;
(viii) modify and delete provisions regarding fixing the record date for the determination of shareholders of record;
(ix) delete a provision permitting or, if obligated by law, requiring the Company to appoint one or more inspectors of election in advance of any meeting of shareholders;
(x) delete a provision regarding the conduct of shareholder meetings which includes that the presiding person at any meeting of shareholders, in addition to making any other determinations that may be appropriate to the conduct of the meeting, shall, if the facts warrant, determine and declare to the meeting that a matter or business was not properly brought before the meeting and if such presiding person should so determine, such presiding person shall so declare to the meeting and any such matter or business not properly brought before the meeting shall not be transacted or considered;

(xi) remove the requirement for the advance notice of nominations for election to the Board of Directors or for the proposal of business to be considered by shareholders;
(xii) revise the provision regarding the election and resignation of directors;
(xiii) modify the provision regarding vacancies on the Board of Directors;
(xiv) revise the provision regarding director compensation;
(xv) revise the provision regarding directors acting without a meeting;
(xvi) revise provisions regarding committees of the Board of Directors;
(xvii) revise a provision regarding certificates of stock;
(xviii) modify the indemnification provisions for the Company's officers, directors, employees and other persons;
(xix) delete a provision designating the Eighth Judicial District Court of Clark County, Nevada as the exclusive forum for certain actions;
(xx) delete a provision regarding manner of notices to directors and shareholders;
(xxi) delete a provision regarding waiver of notice of meetings;
(xxii) delete a provision requiring the approval by an affirmative vote of not less than two-thirds of the Company's issued and outstanding shares for (A) the sale, transfer and other disposition of substantially all of the Company's properties and (B) a merger or consolidation of the Company;
(xxiii) delete a provision requiring the approval of two-thirds of the directors present at a meeting at which a quorum is present for (A) any voluntary dissolution or liquidation of the Company; (B) the sale of all or substantially all of the assets of the Company and (C) the filing of a voluntary petition of bankruptcy by the Company;
(xxiv) delete a provision that no director or officer of the Company shall be personally liable to the Company or any of its shareholders for damages for breach of fiduciary duty as a director or officer involving any act or omission of any such director or officer; provided, however, that the foregoing provision shall not eliminate or limit the liability of a director or officer (A) for acts or omissions which involve intentional misconduct, fraud or a knowing violation of the law, or (B) the payment of dividends in violation of Section 78.300 of the Nevada Revised Statutes; and
(xxv) delete a provision that any article, section, subsection, subdivision, sentence, clause, or phrase of the Amended and Restated Bylaws which is contrary to or inconsistent with any applicable provisions of law, shall not apply so long as said provisions of law shall remain in effect, but such result shall not affect the validity or applicability of any other portions of the Bylaws.

A copy of the amended and restated Bylaws is attached hereto as Exhibit 3.1 and is incorporated by reference herein. The foregoing description of the amendments to the Bylaws is qualified in its entirety by reference to such exhibit.

Item 9.01 Financial Statements and Exhibits

(a) Not applicable.
(b) Not applicable.
(c) Not applicable.
(d) Exhibits .

Exhibit No.	Description
3.1	Amended and Restated Bylaws
4.1	Amendment No. 1, dated June 22, 2014, to Rights Agreement dated April 15 by and between the Company and Empire Stock Transfer Inc.
99.1	Settlement Agreement, dated June 23, 2014 by and among the Company, the Adams Group and the Save Scio Group.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

SCIO DIAMOND TECHNOLOGY CORPORATION
(Registrant)

Date: June 26, 2014

By: /s/ Bernard M. McPheely
Bernard M. McPheely
Director
(On behalf of the Registrant)

EXHIBIT INDEX

Exhibit No.	Description
3.1	Amended and Restated Bylaws
4.1	Amendment No. 1, dated June 22, 2014, to Rights Agreement dated April 15 by and between the Company and Empire Stock Transfer Inc.
99.1	Settlement Agreement, dated June 23, 2014 by and among the Company, the Adams Group and the Save Scio Group.

Exhibit 3.1

FIRST AMENDED AND RESTATED BYLAWS

OF

SCIO DIAMOND TECHNOLOGY CORPORATION

(the “Corporation”)

ARTICLE I: MEETINGS OF STOCKHOLDERS

Section 1 - Annual Meetings

The annual meeting of the stockholders of the Corporation shall be held at the time fixed, from time to time, by the Board of Directors.

Section 2 - Special Meetings

Special meetings of the stockholders may be called by the Board of Directors or such person or persons authorized by the Board of Directors.

Section 3 - Place of Meetings

Meetings of stockholders shall be held at the registered office of the Corporation, or at such other places, within or without the State of Nevada as the Board of Directors may from time to time fix.

Section 4 - Notice of Meetings

A notice convening an annual or special meeting which specifies the place, day, and hour of the meeting, and the general nature of the business of the meeting, must be faxed, personally delivered or mailed postage prepaid to each stockholder of the Corporation entitled to vote at the meeting at the address of the stockholder as it appears on the stock transfer ledger of the Corporation, at least ten (10) days prior to the meeting. Accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, a stockholder will not invalidate the proceedings at that meeting.

Section 5 - Action Without a Meeting

Unless otherwise provided by law, any action required to be taken at a meeting of the stockholders, or any other action which may be taken at a meeting of the stockholders, may be taken without a meeting, without prior notice and without a vote if written consents are signed by stockholders representing a majority of the shares entitled to vote at such a meeting, except however, if a different proportion of voting power is required by law, the Articles of Incorporation or these Bylaws, than that proportion of written consents is required. Such written consents must be filed with the minutes of the proceedings of the stockholders of the Corporation.

Section 6 - Quorum

a) No business, other than the election of the chairman or the adjournment of the meeting, will be transacted at an annual or special meeting unless a quorum of stockholders, entitled to attend and vote, is present at the commencement of the meeting, but the quorum need not be present throughout the meeting.

b) Except as otherwise provided in these Bylaws, a quorum is two persons present and being, or representing by proxy, stockholders of the Corporation.

c) If within half an hour from the time appointed for an annual or special meeting a quorum is not present, the meeting shall stand adjourned to a day, time and place as determined by the chairman of the meeting.

Section 7 - Voting

Subject to a special voting rights or restrictions attached to a class of shares, each stockholder shall be entitled to one vote for each share of stock in his or her own name on the books of the corporation, whether represented in person or by proxy.

Section 8 - Motions

No motion proposed at an annual or special meeting need be seconded.

Section 9 - Equality of Votes

In the case of an equality of votes, the chairman of the meeting at which the vote takes place is not entitled to have a casting vote in addition to the vote or votes to which he may be entitled as a stockholder of proxyholder.

Section 10 - Dispute as to Entitlement to Vote

In a dispute as to the admission or rejection of a vote at an annual or special meeting, the decision of the chairman made in good faith is conclusive.

Section 11 - Proxy

a) Each stockholder entitled to vote at an annual or special meeting may do so either in person or by proxy. A form of proxy must be in writing under the hand of the appointor or of his or her attorney duly authorized in writing, or, if the appointor is a corporation, either under the

seal of the corporation or under the hand of a duly authorized officer or attorney. A proxyholder need not be a stockholder of the Corporation.

b) A form of proxy and the power of attorney or other authority, if any, under which it is signed or a facsimiled copy thereof must be deposited at the registered office of the Corporation or at such other place as is specified for that purpose in the notice convening the meeting. In addition to any other method of depositing proxies provided for in these Bylaws, the Directors may from time to time by resolution make regulations relating to the depositing of proxies at a place or places and fixing the time or times for depositing the proxies not exceeding 48 hours (excluding Saturdays, Sundays and holidays) preceding the meeting or adjourned meeting specified in the notice calling a meeting of stockholders.

ARTICLE II: BOARD OF DIRECTORS

Section 1 - Number, Term, Election and Qualifications

a) The first Board of Directors of the Corporation, and all subsequent Boards of the Corporation, shall consist of not less than one (1) and not more than nine (9) directors. The number of Directors may be fixed and changed from time to time by ordinary resolution of the stockholders of the Corporation.

b) The first Board of Directors shall hold office until the first annual meeting of stockholders and until their successors have been duly elected and qualified or until there is a decrease in the number of directors. Thereinafter, Directors will be elected at the annual meeting of stockholders and shall hold office until the annual meeting of the stockholders next succeeding his or her election, or until his or her prior death, resignation or removal. Any Director may resign at any time upon written notice of such resignation to the Corporation.

c) A casual vacancy occurring in the Board may be filled by the remaining Directors.

d) Between successive annual meetings, the Directors have the power to appoint one or more additional Directors but not more than 1/2 of the number of Directors fixed at the last stockholder meeting at which Directors were elected. A Director so appointed holds office only until the next following annual meeting of the Corporation, but is eligible for election at that meeting. So long as he or she is an additional Director, the number of Directors will be increased accordingly.

e) A Director is not required to hold a share in the capital of the Corporation as qualification for his or her office.

Section 2 - Duties, Powers and Remuneration

a) The Board of Directors shall be responsible for the control and management of the business and affairs, property and interests of the Corporation, and may exercise all powers of

the Corporation, except for those powers conferred upon or reserved for the stockholders or any other persons as required under Nevada state law, the Corporation's Articles of Incorporation or by these Bylaws.

b) The remuneration of the Directors may from time to time be determined by the Directors or, if the Directors decide, by the stockholders.

Section 3 - Meetings of Directors

a) The President of the Corporation shall preside as chairman at every meeting of the Directors, or if the President is not present or is willing to act as chairman, the Directors present shall choose one of their number to be chairman of the meeting.

b) The Directors may meet together for the dispatch of business, and adjourn and otherwise regulate their meetings as they think fit. Questions arising at a meeting must be decided by a majority of votes. In case of an equality of votes the chairman does not have a second or casting vote. Meetings of the Board held at regular intervals may be held at the place and time upon the notice (if any) as the Board may by resolution from time to time determine.

c) A Director may participate in a meeting of the Board or of a committee of the Directors using conference telephones or other communications facilities by which all Directors participating in the meeting can hear each other and provided that all such Directors agree to such participation. A Director participating in a meeting in accordance with this Bylaw is deemed to be present at the meeting and to have so agreed. Such Director will be counted in the quorum and entitled to speak and vote at the meeting.

d) A Director may, and the Secretary on request of a Director shall, call a meeting of the Board. Reasonable notice of the meeting specifying the place, day and hour of the meeting must be given by mail, postage prepaid, addressed to each of the Directors and alternate Directors at his or her address as it appears on the books of the Corporation or by leaving it at his or her usual business or residential address or by telephone, facsimile or other method of transmitting legibly recorded messages. It is not necessary to give notice of a meeting of Directors to a Director immediately following a stockholder meeting at which the Director has been elected, or is the meeting of Directors at which the Director is appointed.

e) A Director of the Corporation may file with the Secretary a document executed by him waiving notice of a past, present or future meeting or meetings of the Directors being, or required to have been, sent to him and may at any time withdraw the waiver with respect to meetings held thereafter. After filing such waiver with respect to future meetings and until the waiver is withdrawn no notice of a meeting of Directors need be given to the Director. All meetings of the Directors so held will be deemed not to be improperly called or constituted by reason of notice not having been given to the Director.

f) The quorum necessary for the transaction of the business of the Directors may be fixed by the Directors and if not so fixed is a majority of the Directors or, if the number of Directors is fixed at one, is one Director.

g) The continuing Directors may act notwithstanding a vacancy in their body but, if and so long as their number is reduced below the number fixed pursuant to these Bylaws as the necessary quorum of Directors, the continuing Directors may act for the purpose of increasing the number of Directors to that number, or of summoning a stockholder meeting of the Corporation, but for no other purpose.

h) All acts done by a meeting of the Directors, a committee of Directors, or a person acting as a Director, will, notwithstanding that it be afterwards discovered that there was some defect in the qualification, election or appointment of the Directors, stockholders of the committee or person acting as a Director, or that any of them were disqualified, be as valid as if the person had been duly elected or appointed and was qualified to be a Director.

i) A resolution consented to in writing, whether by facsimile or other method of transmitting legibly recorded messages, by all of the Directors is as valid as if it had been passed at a meeting of the Directors duly called and held. A resolution may be in two or more counterparts which together are deemed to constitute one resolution in writing. A resolution must be filed with the minutes of the proceedings of the directors and is effective on the date stated on it or on the latest date stated on a counterpart.

j) All Directors of the Corporation shall have equal voting power.

Section 4 - Removal

One or more or all the Directors of the Corporation may be removed with or without cause at any time by a vote of two-thirds of the stockholders entitled to vote thereon, at a special meeting of the stockholders called for that purpose.

Section 5 - Committees

a) The Directors may from time to time by resolution designate from among its members one or more committees, and alternate members thereof, as they deem desirable, each consisting of one or more members, with such powers and authority (to the extent permitted by law and these Bylaws) as may be provided in such resolution. Unless the Articles of Incorporation or Bylaws state otherwise, the Board of Directors may appoint natural persons who are not Directors to serve on such committees authorized herein. Each such committee shall serve at the pleasure of the Board of Directors and unless otherwise stated by law, the Certificate of Incorporation of the Corporation or these Bylaws, shall be governed by the rules and regulations stated herein regarding the Board of Directors.

b) Each Committee shall keep regular minutes of its transactions, shall cause them to be recorded in the books kept for that purpose, and shall report them to the Board at such times as

the Board may from time to time require. The Board has the power at any time to revoke or override the authority given to or acts done by any Committee.

ARTICLE III: OFFICERS

Section 1 - Number, Qualification, Election and Term of Office

a) The Corporation's officers shall have such titles and duties as shall be stated in these Bylaws or in a resolution of the Board of Directors which is not inconsistent with these Bylaws. The officers of the Corporation shall consist of a president, secretary, treasurer, and also may have one or more vice presidents, assistant secretaries and assistant treasurers and such other officers as the Board of Directors may from time to time deem advisable. Any officer may hold two or more offices in the Corporation, and may or may not also act as a Director.

b) The officers of the Corporation shall be elected by the Board of Directors at the regular annual meeting of the Board following the annual meeting of stockholders.

c) Each officer shall hold office until the annual meeting of the Board of Directors next succeeding his or her election, and until his or her successor shall have been duly elected and qualified, subject to earlier termination by his or her death, resignation or removal.

Section 2 - Resignation

Any officer may resign at any time by giving written notice of such resignation to the Corporation.

Section 3 - Removal

Any officer appointed by the Board of Directors may be removed by a majority vote of the Board, either with or without cause, and a successor appointed by the Board at any time, and any officer or assistant officer, if appointed by another officer, may likewise be removed by such officer.

Section 4 - Remuneration

The remuneration of the Officers of the Corporation may from time to time be determined by the Directors or, if the Directors decide, by the stockholders.

Section 5 - Conflict of Interest

Each officer of the Corporation who holds another office or possesses property whereby, whether directly or indirectly, duties or interests might be created in conflict with his or her duties or interests as an officer of the Corporation shall, in writing, disclose to the President the fact and the nature, character and extent of the conflict.

ARTICLE IV: SHARES OF STOCK

Section 1 - Certificate of Stock

a) The shares of the Corporation shall be represented by certificates or shall be uncertificated shares.

b) Certificated shares of the Corporation shall be signed, either manually or by facsimile, by officers or agents designated by the Corporation for such purposes, and shall certify the number of shares owned by the stockholder in the Corporation. Whenever any certificate is countersigned or otherwise authenticated by a transfer agent or transfer clerk, and by a registrar, then a facsimile of the signatures of the officers or agents, the transfer agent or transfer clerk or the registrar of the Corporation may be printed or lithographed upon the certificate in lieu of the actual signatures. If the Corporation uses facsimile signatures of its officers and agents on its stock certificates, it cannot act as registrar of its own stock, but its transfer agent and registrar may be identical if the institution acting in those dual capacities countersigns or otherwise authenticates any stock certificates in both capacities. If any officer who has signed or whose facsimile signature has been placed upon such certificate, shall have ceased to be such officer before such certificate is issued, it may be issued by the Corporation with the same effect as if he were such officer at the date of its issue.

c) If the Corporation issued uncertificated shares as provided for in these Bylaws, within a reasonable time after the issuance or transfer of such uncertificated shares, and at least annually thereafter, the Corporation shall send the stockholder a written statement certifying the number of shares owned by such stockholder in the Corporation.

d) Except as otherwise provided by law, the rights and obligations of the holders of uncertificated shares and the rights and obligations of the holders of certificates representing shares of the same class and series shall be identical.

e) If a share certificate:

(i) is worn out or defaced, the Directors shall, upon production to them of the certificate and upon such other terms, if any, as they may think fit, order the certificate to be cancelled and issue a new certificate;

(ii) is lost, stolen or destroyed, then upon proof being given to the satisfaction of the Directors and upon and indemnity, if any being given, as the Directors think adequate, the Directors shall issue a new certificate; or

(iii) represents more than one share and the registered owner surrenders it to the Corporation with a written request that the Corporation issue in his or her name two or more certificates, each representing a specified number of shares and in the aggregate representing the same number of shares as the certificate so surrendered, the Corporation shall cancel the certificate so surrendered and issue new certificates in accordance with such request.

Section 2 - Transfers of Shares

a) Transfers or registration of transfers of shares of the Corporation shall be made on the stock transfer books of the Corporation by the registered holder thereof, or by his or her attorney duly authorized by a written power of attorney; and in the case of shares represented by certificates, only after the surrender to the Corporation of the certificates representing such shares with such shares properly endorsed, with such evidence of the authenticity of such endorsement, transfer, authorization and other matters as the Corporation may reasonably require, and the payment of all stock transfer taxes due thereon.

b) The Corporation shall be entitled to treat the holder of record of any share or shares as the absolute owner thereof for all purposes and, accordingly, shall not be bound to recognize any legal, equitable or other claim to, or interest in, such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise expressly provided by law.

Section 3 - Record Date

a) The Directors may fix in advance a date, which must not be more than 60 days permitted by the preceding the date of a meeting of stockholders or a class of stockholders, or of the payment of a dividend or of the proposed taking of any other proper action requiring the determination of stockholders as the record date for the determination of the stockholders entitled to notice of, or to attend and vote at, a meeting and an adjournment of the meeting, or entitled to receive payment of a dividend or for any other proper purpose and, in such case, notwithstanding anything in these Bylaws, only stockholders of records on the date so fixed will be deemed to be the stockholders for the purposes of this Bylaw.

b) Where no record date is so fixed for the determination of stockholders as provided in the preceding Bylaw, the date on which the notice is mailed or on which the resolution declaring the dividend is adopted, as the case may be, is the record date for such determination.

Section 4 - Fractional Shares

Notwithstanding anything else in these Bylaws, the Corporation, if the Directors so resolve, will not be required to issue fractional shares in connection with an amalgamation, consolidation, exchange or conversion. At the discretion of the Directors, fractional interests in shares may be rounded to the nearest whole number, with fractions of 1/2 being rounded to the next highest whole number, or may be purchased for cancellation by the Corporation for such consideration as the Directors determine. The Directors may determine the manner in which fractional interests in shares are to be transferred and delivered to the Corporation in exchange for consideration and a determination so made is binding upon all stockholders of the Corporation. In case stockholders having fractional interests in shares fail to deliver them to the Corporation in accordance with a determination made by the Directors, the Corporation may deposit with the Corporation’s Registrar and Transfer Agent a sum sufficient to pay the consideration payable by the Corporation for the fractional interests in shares, such deposit to be set aside in trust for such

stockholders. Such setting aside is deemed to be payment to such stockholders for the fractional interests in shares not so delivered which will thereupon not be considered as outstanding and such stockholders will not be considered to be stockholders of the Corporation with respect thereto and will have no right except to receive payment of the money so set aside and deposited upon delivery of the certificates for the shares held prior to the amalgamation, consolidation, exchange or conversion which result in fractional interests in shares.

ARTICLE V: DIVIDENDS

a) Dividends may be declared and paid out of any funds available therefor, as often, in such amounts, and at such time or times as the Board of Directors may determine and shares may be issued pro rata and without consideration to the Corporation's stockholders or to the stockholders of one or more classes or series.

b) Shares of one class or series may not be issued as a share dividend to stockholders of another class or series unless such issuance is in accordance with the Articles of Incorporation and:

(i) a majority of the current stockholders of the class or series to be issued approve the issue; or

(ii) there are no outstanding shares of the class or series of shares that are authorized to be issued as a dividend.

ARTICLE VI: BORROWING POWERS

a) The Directors may from time to time on behalf of the Corporation:

(i) borrow money in such manner and amount, on such security, from such sources and upon such terms and conditions as they think fit,

(ii) issue bonds, debentures and other debt obligations either outright or as security for liability or obligation of the Corporation or another person, and

(iii) mortgage, charge, whether by way of specific or floating charge, and give other security on the undertaking, or on the whole or a part of the property and assets of the Corporation (both present and future).

b) A bond, debenture or other debt obligation of the Corporation may be issued at a discount, premium or otherwise, and with a special privilege as to redemption, surrender, drawing, allotment of or conversion into or exchange for shares or other securities, attending and voting at stockholder meetings of the Corporation, appointment of Directors or otherwise, and may by its

terms be assignable free from equities between the Corporation and the person to whom it was issued or a subsequent holder thereof, all as the Directors may determine.

ARTICLE VII: FISCAL YEAR

The fiscal year end of the Corporation shall be fixed, and shall be subject to change, by the Board of Directors from time to time, subject to applicable law.

ARTICLE VIII: CORPORATE SEAL

The corporate seal, if any, shall be in such form as shall be prescribed and altered, from time to time, by the Board of Directors. The use of a seal or stamp by the Corporation on corporate documents is not necessary and the lack thereof shall not in any way affect the legality of a corporate document.

ARTICLE IX: AMENDMENTS

Section 1 - By Stockholders

All Bylaws of the Corporation shall be subject to alteration or repeal, and new Bylaws may be made by a majority vote of the stockholders at any annual meeting or special meeting called for that purpose.

Section 2 - By Directors

The Board of Directors shall have the power to make, adopt, alter, amend and repeal, from time to time, Bylaws of the Corporation.

ARTICLE X: DISCLOSURE OF INTEREST OF DIRECTORS

a) A Director who is, in any way, directly or indirectly interested in an existing or proposed contract or transaction with the Corporation or who holds an office or possesses property whereby, directly or indirectly, a duty or interest might be created to conflict with his or her duty or interest as a Director, shall declare the nature and extent of his or her interest in such contract or transaction or of the conflict with his or her duty and interest as a Director, as the case may be.

b) A Director shall not vote in respect of a contract or transaction with the Corporation in which he is interested and if he does so his or her vote will not be counted, but he will be counted in the quorum present at the meeting at which the vote is taken. The foregoing prohibitions do not apply to:

(i) a contract or transaction relating to a loan to the Corporation, which a Director or a specified corporation or a specified firm in which he has an interest has guaranteed or joined in guaranteeing the repayment of the loan or part of the loan;

(ii) a contract or transaction made or to be made with or for the benefit of a holding corporation or a subsidiary corporation of which a Director is a director or officer;

(iii) a contract by a Director to subscribe for or underwrite shares or debentures to be issued by the Corporation or a subsidiary of the Corporation, or a contract, arrangement or transaction in which a Director is directly or indirectly interested if all the other Directors are also directly or indirectly interested in the contract, arrangement or transaction;

(iv) determining the remuneration of the Directors;

(v) purchasing and maintaining insurance to cover Directors against liability incurred by them as Directors; or

(vi) the indemnification of a Director by the Corporation.

c) A Director may hold an office or place of profit with the Corporation (other than the office of Auditor of the Corporation) in conjunction with his or her office of Director for the period and on the terms (as to remuneration or otherwise) as the Directors may determine. No Director or intended Director will be disqualified by his or her office from contracting with the Corporation either with regard to the tenure of any such other office or place of profit, or as vendor, purchaser or otherwise, and, no contract or transaction entered into by or on behalf of the Corporation in which a Director is interested is liable to be voided by reason thereof.

d) A Director or his or her firm may act in a professional capacity for the Corporation (except as Auditor of the Corporation), and he or his or her firm is entitled to remuneration for professional services as if he were not a Director.

e) A Director may be or become a director or other officer or employee of, or otherwise interested in, a corporation or firm in which the Corporation may be interested as a stockholder or otherwise, and the Director is not accountable to the Corporation for remuneration or other benefits received by him as director, officer or employee of, or from his or her interest in, the other corporation or firm, unless the stockholders otherwise direct.

ARTICLE XI: ANNUAL LIST OF OFFICERS, DIRECTORS AND REGISTERED AGENT

The Corporation shall, within sixty days after the filing of its Articles of Incorporation with the Secretary of State, and annually thereafter on or before the last day of the month in which the anniversary date of incorporation occurs each year, file with the Secretary of State a list of its president, secretary and treasurer and all of its Directors, along with the post office box or street address, either residence or business, and a designation of its resident agent in the state of Nevada. Such list shall be certified by an officer of the Corporation.

ARTICLE XII: INDEMNITY OF DIRECTORS, OFFICERS, EMPLOYEES AND AGENTS

a) The Directors shall cause the Corporation to indemnify a Director or former Director of the Corporation and the Directors may cause the Corporation to indemnify a director or former director of a corporation of which the Corporation is or was a stockholder and the heirs and personal representatives of any such person against all costs, charges and expenses, including an amount paid to settle an action or satisfy a judgment, actually and reasonably incurred by him or them including an amount paid to settle an action or satisfy a judgment inactive criminal or administrative action or proceeding to which he is or they are made a party by reason of his or her being or having been a Director of the Corporation or a director of such corporation, including an action brought by the Corporation or corporation. Each Director of the Corporation on being elected or appointed is deemed to have contracted with the Corporation on the terms of the foregoing indemnity.

b) The Directors may cause the Corporation to indemnify an officer, employee or agent of the Corporation or of a corporation of which the Corporation is or was a stockholder (notwithstanding that he is also a Director), and his or her heirs and personal representatives against all costs, charges and expenses incurred by him or them and resulting from his or her acting as an officer, employee or agent of the Corporation or corporation. In addition the Corporation shall indemnify the Secretary or an Assistance Secretary of the Corporation (if he is not a full time employee of the Corporation and notwithstanding that he is also a Director), and his or her respective heirs and legal representatives against all costs, charges and expenses incurred by him or them and arising out of the functions assigned to the Secretary by the Corporation Act or these Articles and each such Secretary and Assistant Secretary, on being appointed is deemed to have contracted with the Corporation on the terms of the foregoing indemnity.

c) The Directors may cause the Corporation to purchase and maintain insurance for the benefit of a person who is or was serving as a Director, officer, employee or agent of the Corporation or as a director, officer, employee or agent of a corporation of which the Corporation is or was a stockholder and his or her heirs or personal representatives against a liability incurred by him as a Director, officer, employee or agent.

Exhibit 4.1

AMENDMENT NO. 1 TO RIGHTS AGREEMENT

This Amendment No. 1 to Rights Agreement (this "Amendment") is made as of June 22, 2014 to the Rights Agreement ("Rights Agreement"), dated as of April 14, 2014, between Scio Diamond Technology Corporation, a Nevada corporation (the "Company"), and Empire Stock Transfer Inc., a Nevada corporation ("Rights Agent").

WHEREAS, the Company desires to amend the Rights Agreement, as authorized by and pursuant to Section 26 thereof;

NOW, THEREFORE, the Company and the Rights Agent hereby agree as follows:

1. Amendment of Section 1 . Section 1 of the Rights Agreement is hereby supplemented and amended to add the following definitions in the appropriate alphabetical locations:

" *Settlement Acquisition* " shall mean the acquisition by the Save Scio Group of 1,000,000 shares of Common Stock pursuant to the Settlement Agreement.

" *Settlement Agreement* " shall mean the Settlement Agreement by and among the Company, Edward S. Adams, Michael R. Monahan, Gerald McGuire, James Korn, Bruce Likly, Theodorus Strous, and Robert C. Linares, their present and past affiliates, such as Apollo Diamond, Inc., Apollo Diamond Gemstone Corporation, Adams Monahan LLP, Focus Capital Group, Inc. and Oak Ridge Financial Services Group, Inc., family members and spouses, and the Save Scio Group.

" *Save Scio Group* " shall mean Thomas P. Hartness, Kristoffer Mack, Paul Rapello, Glen R. Bailey, Marsha C. Bailey, Kenneth L. Smith, Bernard M. McPheely, James Carroll, Robert M. Daisley, Ben Wolkowitz, Craig Brown, Ronnie Kobrovsky, Lewis Smoak, Brian McPheely, Mark P. Sennott, the Sennott Family Charitable Trust, and their affiliates.

2. Amendment of Definition of "Acquiring Person ." The definition of "Acquiring Person" in Section 1.1 of the Rights Agreement is hereby supplemented and amended by inserting the following sentence after the last sentence thereof:

"Notwithstanding anything in this Agreement to the contrary, none of the members of the Save Scio Group, either individually, collectively or in any combination, shall be deemed to be an Acquiring Person as a result of the public announcement, approval, adoption, execution, delivery or performance of the Settlement Agreement, any amendment, modification or waiver thereto approved in advance by the Board of Directors of the Company, the consummation of the Settlement Acquisition or any of the other transactions contemplated by the Settlement Agreement, or any combination of the foregoing (each, an " *Exempt Event* " and, collectively, the " *Exempt Events* ")."

3. Amendment of Definition of "Beneficial Owner." The definitions of "Beneficial Owner" and "beneficially own" in Section 1.3 of the Rights Agreement are hereby supplemented and amended by inserting the following sentence after the last sentence thereof:

"Notwithstanding anything in this Agreement to the contrary, none of the members of the Save Scio Group nor any of their respective Affiliates or Associates, either individually, collectively or in any combination, shall for purposes of this Agreement be deemed to be a Beneficial Owner of, or to Beneficially Own, any securities as a result of, or as a result of, any Exempt Event."

4. Amendment of Definition of "Exempt Person." The definition of "Distribution Date" in Section 1.7 of the Rights Agreement is amended and restated in its entirety to read as follows:

"1.7. "*Exempt Person*" shall mean the Company, any Subsidiary of the Company, in each case including, without limitation, the officers and members of the board of directors thereof acting in their fiduciary capacities, any members of the Save Scio Group, acting either in their individual capacities or in any combination with one or more other members of the Save Scio Group, or any employee benefit plan of the Company or of any Subsidiary of the Company or any entity or trustee holding (or acting in a fiduciary capacity in respect of) shares of capital stock of the Company for or pursuant to the terms of any such plan, or for the purpose of funding other employee benefits for employees of the Company or any Subsidiary of the Company."

5. Amendment of Definition of "Stock Acquisition Date." The definition of "Stock Acquisition Date" in Section 1.12 of the Rights Agreement is supplemented and amended by inserting the following sentence after the last sentence thereof:

"Notwithstanding anything in this Agreement to the contrary, a Stock Acquisition Date shall not be deemed to have occurred as a result of any Exempt Event."

6. Amendment of Definition of "Distribution Date." The definition of "Distribution Date" in Section 3.1 of the Rights Agreement is supplemented and amended by inserting the following sentence after the last sentence thereof:

"Notwithstanding anything in this Agreement to the contrary, a Distribution Date shall not be deemed to have occurred, and nothing in this Agreement shall be construed to give any holder of Rights or any other Person any legal or equitable rights, remedies or claims under this Agreement, in each case, as a result of any Exempt Event."

7. Amendment of Definition of "Expiration Date." Section 7.1 of the Rights Agreement is amended and restated in its entirety to read as follows:

"7.1. Exercise of Rights. Subject to Section 11.1.2 and except as otherwise provided herein, the registered holder of any Right Certificate may exercise the Rights evidenced thereby in whole or in part at any time after the Distribution Date upon surrender of the Right Certificate, with the form of election to purchase and certification on the reverse side thereof properly completed and duly executed, to the Rights Agent at the office of the Rights Agent designated for such purpose, together with payment of the aggregate Purchase Price for each share of Common

Stock (or other securities, cash or other assets) as to which the Rights are exercised, at or prior to the time (the " *Expiration Date* ") that is the earliest of (i) the close of business on June 22, 2014 (the " *Final Expiration Date* "), (ii) the time at which the Rights are redeemed as provided in Section 23 (the " *Redemption Date* "), (iii) the closing of any merger or other acquisition transaction involving the Company pursuant to an agreement of the type described in Section 13.3 at which time the Rights are deemed terminated, or (iv) the time at which the Rights are exchanged as provided in Section 27 ."

8. Amendment to Section 7.1 . Section 7.1 of the Rights Agreement is hereby supplemented and amended by inserting the following sentence immediately after the last sentence thereof:

"Notwithstanding anything in this Agreement to the contrary, none of the Rights may be exercised as a result of any Exempt Event."

9. New Section 35 . A new Section 35 is hereby added to the Rights Agreement immediately following Section 34 of the Rights Agreement, and such new Section 35 shall read as follows:

"35. Effect of Execution of Settlement Agreement . For the avoidance of doubt, and in addition to the other provisions in this Agreement to such effect, no Exempt Event shall trigger the rights of any Person under this Agreement, and this Agreement shall otherwise be inapplicable to the any Exempt Event. Upon execution of the Settlement Agreement, neither the Company nor any of their respective Affiliates shall have any obligations to any holder or former holder of Rights as of and following the date of such execution."

10. New Section 36 . A new Section 36 is hereby added to the Rights Agreement immediately following Section 35 of the Rights Agreement, and such new Section 36 shall read as follows:

"36. Termination . Notwithstanding anything herein to the contrary, immediately following execution of the Settlement Agreement, (a) this Rights Agreement shall be terminated automatically (without any further action on the part of any party hereto) and shall be without further force or effect, (b) none of the parties to this Rights Agreement will have any rights, obligations or liabilities hereunder and (c) the holders of the Rights shall not be entitled to any benefits, rights or other interests under this Rights Agreement."

11. Other Provisions Unaffected . This Amendment shall be deemed to be in full force and effect immediately prior to the execution of the Settlement Agreement. Except as expressly modified hereby, all arrangements, agreements, terms, conditions and provisions of the Rights Agreement remain in full force and effect, and this Amendment and the Rights Agreement, as hereby modified, shall constitute one and the same instrument. To the extent that there is a conflict between the terms and provisions of the Rights Agreement and this Amendment, the terms and provisions of this Amendment shall govern for purposes of the subject matter of this Amendment only.

12. Miscellaneous .

a. Counterparts . This Amendment may be executed in any number of counterparts (including by facsimile or other electronic transmission) and each of such counterparts shall for all purposes be deemed to be an original, and all such counterparts shall together constitute but one and the same instrument.

b. Governing Law . This Amendment, the Rights Agreement, each Right and each Right Certificate issued hereunder or thereunder shall be deemed to be a contract made under the laws of the State of Nevada and for all purposes shall be governed by and construed in accordance with the laws of such State applicable to contracts to be made and performed entirely within such State.

c. Further Assurances . Each Party shall cooperate and take such action as may be reasonably requested by another Party in order to carry out the transactions and purposes of this Amendment, the Rights Agreement, and the transactions contemplated hereunder and/or thereunder.

d. Descriptive Headings . Descriptive headings of the several sections of this Amendment and the Rights Agreement are inserted for convenience only and shall not control or affect the meaning or construction of any of the provisions hereof or thereof.

e. Entire Agreement . This Amendment and the Rights Agreement, and all of the provisions hereof and thereof, shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns and executors, administrators and heirs. This Amendment, together with the Rights Agreement, sets forth the entire agreement and understanding among the Parties as to the subject matter hereof and merges with and supersedes all prior discussions and understandings of any and every nature among them. Without limiting the foregoing, the Rights Agent shall not be subject to, nor required to interpret or comply with, or determine if any Person has complied with, the Settlement Agreement even though reference thereto may be made in this Amendment and the Rights Agreement.

f. Severability . If any term, provision, covenant or restriction of this Amendment is held by a court of competent jurisdiction or other authority to be invalid, void or unenforceable, then such term, provision, covenant or restriction shall be enforced to the maximum extent permissible, and the remainder of the terms, provisions, covenants and restrictions of this Amendment shall remain in full force and effect and shall in no way be affected, impaired or invalidated.

g. Enforcement . Unless and until the Merger Agreement is terminated in accordance with its terms, the provisions set forth herein providing exceptions for, or otherwise relating to, Exempt Events, are for the benefit of, and may be enforced by, the Company and any of its directors and affiliates.

h. Waiver of Notice . The Rights Agent and the Company hereby waive any notice requirement under the Rights Agreement pertaining to the matters covered by this Amendment.

i. Exhibits . The Exhibits to the Rights Agreement shall be deemed restated to reflect this Amendment, *mutatis mutandis* .

[*Signature Page Follows*]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment No. 1 to Rights Agreement to be duly executed as of the day and year first above written.

SCIO DIAMOND TECHNOLOGY CORPORATION

By: /s/ Bruce M. Likly
Name: Bruce M. Likly
Title: Co-Chairman

EMPIRE STOCK TRANSFER INC.

By: _____
Name:
Title: _____

Exhibit 99.1

SETTLEMENT AGREEMENT

This settlement agreement (this "Agreement") is made and entered into on the Effective Date, by and among [1] Scio Diamond Technology Corporation ("Scio"), [2] Edward S. Adams, Michael R. Monahan, Gerald McGuire, James Korn, Bruce Likly, Theodorus Strous, and Robert C. Linares, their present and past affiliates, such as Apollo Diamond, Inc., Apollo Diamond Gemstone Corporation, Adams Monahan LLP, Focus Capital Group, Inc. and Oak Ridge Financial Services Group, Inc., family members and spouses (the "Adams Group"), and [3] Thomas P. Hartness, Kristoffer Mack, Paul Rapello, Glen R. Bailey, Marsha C. Bailey, Kenneth L. Smith, Bernard M. McPheely, James Carroll, Robert M. Daisley, Ben Wolkowitz, Craig Brown, Ronnie Kobrovsky, Lewis Smoak, Brian McPheely, Mark P. Sennott, the Sennott Family Charitable Trust, and their affiliates (the "Save Scio Group").(1) For the purposes of this Agreement, Scio, members of the Adams Group and members of the Save Scio Group are sometimes referred to in this Agreement individually as a "Party" or, collectively, as the "Parties."

RECITALS

A. Certain members of the Save Scio Group have been requesting a stockholder meeting and a change to the composition of Scio's Board of Directors;

B. Certain members of the Save Scio Group filed a Verified Shareholder Derivative Complaint captioned *McPheely v. Adams* (the " *McPheely* Complaint") against certain members of the Adams Group on July 26, 2013, in the Court of Common Pleas of the State of South Carolina, which Defendants removed to the United States District Court for the District of South Carolina, asserting, among others, claims related to alleged breaches of fiduciary duty owed to Scio, and its predecessors, which are further set forth in the *McPheely* Complaint;

C. Lawsuits alleging similar or related claims as the *McPheely* Complaint have been filed derivatively on behalf of Loblolly, Inc. and Apollo Diamond, Inc. in various jurisdictions, including, among others, the action captioned *Sennott v. Adams* in the United States District Court for the District of South Carolina (the " *Sennott* Complaint"), and the actions captioned *Mack v. Adams* and *Fink v. Adams* in the United States District Court for the District of Minnesota (and related cases);

D. The members of the Adams Group dispute the claims set forth in the *McPheely* or *Sennott* Complaints, and in the other related lawsuits, and have denied and continue to deny that they have any liability for any such claim asserted in those actions; and

E. The Parties desire to avoid the risk, inconvenience and expense of litigation and a proxy contest, and have therefore agreed to fully and fairly settle any and all disputes and legal claims based on any conduct by the Parties prior to the Effective Date, whether known or

---

(1) The term "Save Scio Group" as used herein is not intended to and shall not be construed to add any members to the "Save Scio" group of shareholders as set forth in the group's Schedule 13-D, as amended, on file with the Securities and Exchange Commission.

unknown, including any claims relating to the subject matter of the *McPheely* and *Sennott* Complaints.

NOW, THEREFORE, for and in consideration of the promises, covenants, and undertakings described below, and for other good and sufficient consideration, the Parties agree as follows:

TERMS OF AGREEMENT

1. Effectiveness

This Agreement shall become binding upon execution by all of the Parties (the "Effective Date"), whether in counterpart or a single instrument.

2. Recitals

The Recitals above are incorporated into this Agreement as if set forth fully herein.

3. Board of Directors Action

Effective as of the Effective Date, Scio and the Board of Directors of Scio ("Board") have taken the following actions, as applicable:

A. the Board has duly adopted the resolutions contained in the consent attached hereto as Exhibit A (the "Consent")

B. Scio has executed Amendment No. 1 (the "Poison Pill Amendment") to the Rights Agreement, dated as of April 14, 2014, between the Company and Empire Stock Transfer Inc. ("Empire") and has delivered a copy to the Save Scio Group;

C. all existing members of the Board of Scio, consisting of Edward S. Adams, Gerald McGuire, James Korn, Robert Linares, Theodorus Strous, and Bruce Likly have tendered their resignations as directors and officers, if applicable, to Scio.

D. Gerald McGuire and James Korn have returned all shares and compensation (other than reasonable fees for Board meetings and, in the case of Mr. McGuire, for consultation services provided as an interim officer of Scio, through the Effective Date) to Scio.

4. Corporate Governance Measures

A. *Board*

Scio and members of the Adams Group and the Save Scio Group agree, for a continuing period of three (3) years after the Effective Date (the "Standstill Period"), to :

(a) constitute the Board as follows:

(i) Two (2) members will be nominees of the Adams Group, who must be independent under NASDAQ rules and cannot be Edward S. Adams, Michael R. Monahan, or Theodorus Strous. The initial members so nominated will be Bruce Likly and James Korn.

(ii) Four (4) members will be nominees of the Save Scio Group, three of whom must be independent under NASDAQ rules and may include Bernard M. McPheely but cannot be Kristoffer Mack, Paul Rapello, or any other current or former Scio stockholder who has been a party to litigation against any member of

the Adams Group. The initial members so nominated will be Bernard M. McPheely, Ben Wolkowitz, Lewis Smoak and Karl Leaverton.

(iii) One (1) member will be the Chief Executive Officer ("CEO") of Scio *ex officio* , as elected by a majority of the four Board members nominated by the Save Scio Group pursuant to the foregoing subsection.

(b) vote their equity securities in Scio for the election of the directors nominated pursuant to Section 4(A)(a);

(c) not engage in any efforts to oppose the election of any candidate proposed by any other Party; and

(d) take all actions necessary or appropriate, and recommend that stockholders vote their shares of stock, in accordance with the terms of this Agreement.

B. *Special Committee*

Scio agrees that the Board will appoint a committee comprised of four (4) members (which cannot include Kristoffer Mack, Paul Rapello or Bernard McPheely or any current or former Scio stockholder who has been party to litigation against any member of Adams Group) to approve any future transactions with the Adams Group or the Save Scio Group members.

C. *Annual Meeting*

Scio will hold its annual meeting of stockholders as soon as practicable after filing of its Form 10-K for the year ended March 31, 2014. At such meeting, Scio will nominate, and the members of the Adams Group and the members of the Save Scio Group will vote to elect the nominees as set forth in the Consent or as otherwise specified pursuant to Section 4(A) . During the Standstill Period, no member of the Adams Group or the Save Scio Group will take any action to solicit consents or proxies of Scio stockholders, and no Adams Group or Save Scio Group member will make stockholder proposals, without the prior written approval of the newly constituted Board. The consent solicitation by members of Save Scio Group will be terminated.

5. Share Transfer by Edward S. Adams and Michael R. Monahan

Upon the effectiveness of the Poison Pill Amendment, Edward S. Adams will transfer one million (1,000,000) Scio shares and Michael R. Monahan will transfer one million (1,000,000) Scio shares for a total of two million (2,000,000) Scio shares as follows: one million (1,000,000) shares will be transferred to Scio for cancellation, and one million (1,000,000) shares will be transferred to the Save Scio Group.

6. No Admissions

The Parties hereto understand and agree that the releases granted herein are absolute and are made to assure the full and complete release and discharge of any liability any Party may have to any other Party, and to prevent the imputation of any liability for any reason whatsoever, and that this Agreement does not state, constitute or imply any admission of liability of any sort; it being further understood that this Agreement is made as a compromise to avoid further litigation and for the specific purpose of terminating all controversies and claims for damages of whatever nature, between or among the Parties, including but not limited to those arising out of or in any way related to any of the facts, allegations or claims made in the litigation or the proxy battle. Each of the Parties continues to deny any obligation or liability with regard to any claim

or demand of any sort whatsoever made against them. The Parties agree that this Agreement shall not be used by or against any Party in any other proceeding to establish or as evidence of any liability, or absence of liability, on any of the claims asserted in the *McPheely* or *Sennott* Complaints; provided, however, that this Agreement may be used in any action or proceeding to enforce or obtain recovery under the terms of this Agreement or to support a defense of res judicata, collateral estoppel, release, good faith settlement, accord and satisfaction, setoff, mootness, or any similar defense or counterclaim.

7. Mutual Release of All Claims

Scio, the members of the Adams Group, on behalf of themselves, as well as on behalf of their agents, spouses, children, beneficiaries, predecessors, successors, attorneys, heirs, assigns, and anyone else claiming through or on behalf of them, if any (the "Adams Group Releasing Parties"), and the members of the Save Scio Group, on behalf of themselves, as well as on behalf of their agents, spouses, children, beneficiaries, predecessors, successors, attorneys, heirs, assigns, trusts, and anyone else claiming through or on behalf of them, if any (the "Save Scio Group Releasing Parties"), hereby fully, irrevocably and unconditionally release, acquit, and discharge the Adams Group Releasing Parties and the Save Scio Group Releasing Parties, respectively, and all other Parties from any and all claims, actions, complaints, causes of action, rights, demands, obligations, accounts, defenses, or liabilities of any kind whatsoever, whether in law or in equity, whether contractual, common law, statutory, federal, state, or otherwise, which Scio or any of the Releasing Parties has or could have, whether now or in the future, known or unknown, against the Parties, including those arising out of or related in any way to the allegations, claims, and defenses that have been or could have been asserted in the *McPheely* or *Sennott* Complaints.

For the purpose of implementing a full and complete release and discharge, the Parties expressly acknowledge that the releases provided in this Agreement are intended to include in their effect, without limitation, any and all claims, complaints, charges or suits, including those claims, complaints, charges or suits which they do not know or suspect to exist in their favor at the time of execution hereof, which if known or suspected, could materially affect the Parties' decision to execute this Agreement.

The Parties acknowledge that they have been advised by their respective legal counsel with respect to, and are familiar with, the provisions of California Civil Code Section 1542, which provides as follows:

> A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.

The Parties, being aware of said code section, hereby expressly waive any and all rights they may have thereunder, as well as under any other statutes or common law principles of similar effect. In connection with such waiver, the Parties acknowledge that they are aware that they or their attorneys may hereafter discover claims or facts in addition to or different from those which they now know or believe to exist with respect to the subject matter of the Dispute and that it is nevertheless the intention of the Parties to fully, finally, and forever settle and release each other and their respective representatives of the released matters, whether known,

unknown or suspected, which now exist or heretofore have existed. The Parties acknowledge that they understand the significance and consequence of this release and specific waiver of Section 1542, and similar provisions. The Parties affirm that this waiver of Section 1542, and similar provisions, is not a mere recital. Rather, it is a specifically bargained-for provision of this Agreement and is material consideration for the release. The Parties affirm that they are aware that they would not have entered into the Agreement but for the agreement of the Parties to a full waiver of all claims of any type and description, including unknown claims. The Parties have included this waiver of Section 1542, and similar provisions, in the Agreement in order to procure certainty in their affairs

8. Covenant Not to Sue

Scio, the Adams Group Releasing Parties, and the Save Scio Group Releasing Parties further represent, covenant and agree not to bring any claim, action, suit, or proceeding against the Parties regarding the matters settled and released by this Agreement, including, but not limited to, any claim, action, suit, or proceeding raised or that could have been raised relating to the *McPheely* or *Sennott* Complaints.

The Parties also agree not to solicit or encourage further litigation or proceedings against each other based on such claims. The Save Scio Group further agrees that its members shall not waive any future conflict of interest presented by their counsel's representation of any party other than members of the Save Scio Group in connection with claims raised or that could have been raised relating to the *McPheely* or *Sennott* Complaints. The Parties also agree not to disparage or take any action which is intended, or would reasonably be expected, to harm any of the other Parties or negatively affect their reputations or which would reasonably be expected to lead to unwanted or unfavorable publicity for Scio or any of the Parties, provided however, that nothing herein shall be construed to preclude a Party from complying with or responding to any inquiry, demand or request from government authorities, investigations, or other official proceedings conducted by state and federal regulatory authorities. The Parties will jointly prepare or approve a press release from Scio announcing the change in the Board and the other matters specified in this Agreement.

9. Indemnification and Expenses

Scio indemnification provisions will be available to all members of the Board currently serving or appointed by the Adams Group or the Save Scio Group for future claims, if permitted under applicable law. The Save Scio Group will be reimbursed for expenses in connection with the prior pursuit of claims, the settlement and the consent solicitation solely through the transfer of one million shares to the Save Scio Group pursuant to Section 5 . The members of the Adams Group will not be reimbursed or indemnified by Scio for any expenses in connection with the settlement or prior litigation by any member of the Save Scio Group either in their own capacity or derivatively on behalf of Scio against any member of the Adams Group. The Parties will not oppose Directors and Officers ("D&O") insurance coverage under policies of Scio existing prior to or as of the Effective Date to cover any claim or legal defense for the Adams Group. The Parties agree that Latham & Watkins can continue to defend the members of the Adams Group, and the Parties will not seek to disqualify Latham & Watkins as counsel for the Adams Group. Members of the Save Scio Group will cooperate with Scio and assist the members of the Adams Group with respect to the SEC's investigation (C-08091) or any claim relating to Scio and/or the

members of the Adams Group, and will not take any action that would impede the defense and/or resolution of any such claims.

10. Investigation

Each of the Parties has made such investigation of the facts pertaining to this Agreement, as it deems necessary. The Parties hereto understand that if any fact with respect to any matter covered by this Agreement is found hereafter to be other than, or different from, the facts now believed by the parties to be true, each party hereto expressly accepts and assumes the risk of such possible difference in facts and agrees that this Agreement shall become and remain effective notwithstanding such different facts.

11. Integration Clause

This Agreement contains the entire agreement of the Parties and supersedes any and all prior, written or oral, agreements among them concerning the subject matter of this Agreement. There are no representations, agreements, arrangements or understandings, oral or written, among the Parties, relating to the subject matter of this Agreement that is not fully expressed herein.

12. Other and Further Documents

The Parties shall take such actions and shall execute, deliver and file or record any such document as may be reasonable or necessary to effectuate the purposes and contents of this Agreement, including dismissals with prejudice of the *McPheely* and *Sennott* Complaints, and documents seeking the approval of the settlement and dismissal of the *McPheely* and *Sennott* Complaints on a derivative basis.

13. Consultation With Counsel

The Parties represent and warrant that they have presented their counsel with this Agreement, that the Parties have had the opportunity to review this Agreement and that they are executing this Agreement of their own free will after having received advice from counsel regarding execution of this Agreement.

14. Choice of Law, Jurisdiction and Venue

This Agreement shall be governed by and construed in accordance with Nevada law. If any party attempts to institute a legal proceeding to enforce or interpret the terms of this Agreement, or otherwise, such proceeding must be instituted and maintained exclusively in the state District Courts of the State of Nevada, and each party hereto expressly consents to the jurisdiction and venue of such court and waives any objections to such jurisdiction and venue in any action arising out of this Agreement.

15. Severability

If any one or more of the provisions of this Agreement should be ruled wholly or partly invalid or unenforceable by a court or other government body of competent jurisdiction, then: (i) the validity and enforceability of all provisions of this Agreement not ruled to be invalid or unenforceable shall be unaffected if the Parties mutually elect in writing to proceed as if such invalid or unenforceable term(s) had never been included in the Agreement; (ii) the effect of the ruling shall be limited to the jurisdiction of the court or other government body making the ruling; (iii) the provision(s) held wholly or partly invalid or unenforceable shall be deemed

amended, and the court or other government body is authorized to reform the provision(s), to the minimum extent necessary to render them valid and enforceable in conformity with the Parties' intent as manifested herein; and (iv) if the ruling and/or the controlling principle of law or equity leading to the ruling is subsequently overruled, modified, or amended by legislature, judicial, or administrative action, then the provision (s) in question as originally set forth in this Agreement shall be deemed valid and enforceable to the maximum extent permitted by the new controlling principle of law or equity.

16. No Waiver

The failure of any Party to insist upon compliance with any of the provisions of this Agreement or the waiver thereof, in any instance, shall not be construed as a general waiver or relinquishment by such Party of any other provision of this Agreement.

17. Amendment

This Agreement may not be amended except by an instrument in writing, executed by the Parties, and each of them.

18. Agreement Obligates, Extends and Inures

The provisions of this Agreement shall be binding upon and inure to the benefit of each of the Parties and each of the Parties' successors, heirs, devisees, and assigns, if any.

19. No Reliance

Each of the Parties represents and warrants that, except for the representations and warranties specifically set forth in this Agreement, in executing this Agreement, it does not rely, and has not relied, on any representation or statement made by any other party to this Agreement, on any representation or statement made anyone acting on behalf of any party to this Agreement, or any representation or statement made by any other person.

20. No Assignment or Transfer of Action

Each of the undersigned Parties represents and warrants that it owns the claims released hereby; that no other person or entity has any interest in such claims; that it has not sold, assigned, conveyed or otherwise transferred any such claim, or any other claim or demand against any person released hereby; and, that it has the sole right to settle and release such claims. The undersigned, including counsel, represent and warrant that to the best of their information and belief, they have no knowledge of any claims held by one against the other that are not released hereby and that they have no knowledge of any other party with claims or potential claims against the Parties.

21. Each Party to Bear Its Own Attorneys' Fees and Costs

Except as provided for herein, each of the Parties shall bear its own attorneys' fees and costs in connection with this Agreement.

22. Multiple Counterparts

This Agreement may be executed in multiple counterparts that shall become effective to the same extent as the original only when every party has signed and delivered a signed counterpart. For purposes of the execution of this Agreement, signature pages transmitted by

facsimile or email/.pdf shall be given the same weight and effect as, and treated as, original signatures.

23. Authority

The undersigned natural persons executing this Agreement warrant and represent that they are duly authorized to do so and to bind the person or entity for which they sign.

24. Construction

Each Party hereto has cooperated in the drafting and preparation of this Agreement. In any construction to be made of this Agreement, the same shall not be construed against any Party on the ground that said Party drafted this Agreement. The rights and obligations of the Parties hereunder shall be construed and enforced in accordance with, and governed by, the laws of the State of Nevada, in effect as of the date hereof.

(*signature pages follow*)

IN WITNESS WHEREOF the Parties hereto have executed this Agreement on the dates written below.

READ CAREFULLY BEFORE SIGNING.

Dated: June 23, 2014

Adams Group

/s/ Edward S. Adams
By: Edward S. Adams

/s/ Michael R. Monahan
By: Michael R. Monahan

/s/ Gerald McGuire
By: Gerald McGuire

/s/ James Korn
By: James Korn

/s/ Bruce Likly
By: Bruce Likly

/s/ Theodorus Strous
By: Theodorus Strous

/s/ Robert C. Linares
By: Robert C. Linares

SCIO DIAMOND TECHNOLOGY CORPORATION

By: /s/ Bruce M. Likly
Bruce M. Likly, Co-Chairman

Save Scio Group

/s/ Thomas P. Hartness
By: Thomas P. Hartness

/s/ Kristoffer Mack
By: Kristoffer Mack

/s/ Paul Rapello
By: Paul Rapello

/s/ Glen R. Bailey
By: Glen R. Bailey

/s/ Marsha C. Bailey
By: Marsha C. Bailey

/s/ Kenneth L. Smith
By: Kenneth L. Smith

/s/ Bernard M. McPheely
By: Bernard M. McPheely

/s/ James Carroll
By: James Carroll

/s/ Robert M. Daisley
By: Robert M. Daisley

/s/ Ben Wolkowitz
By: Ben Wolkowitz

/s/ Craig Brown
By: Craig Brown

/s/ Ronnie Kobrovsky
By: Ronnie Kobrovsky

/s/ Lewis Smoak
By: Lewis Smoak

/s/ Brian McPheely
By: Brian McPheely

/s/ Mark P. Sennott
By: Mark P. Sennott, on behalf of himself individually and the Sennott Family Charitable Trust