

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

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SECURITIES AND EXCHANGE COMMISSION, :

Plaintiff, :

-v- :

No. 16-cv-6848 (BMC)

PLATINUM MANAGEMENT (NY) LLC; :
PLATINUM CREDIT MANAGEMENT, L.P.; :
MARK NORDLICHT; :
DAVID LEVY; :
DANIEL SMALL; :
URI LANDESMAN; :
JOSEPH MANN; :
JOSEPH SANFILIPPO; and :
JEFFREY SHULSE, :

Defendants. :
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**NOTICE OF FILING OF CORRECTED SECOND
STATUS REPORT OF RECEIVER TO THE COURT**

PLEASE TAKE NOTICE that on January 22, 2018, the Receiver filed her Second Status Report to the Court [Dkt. No. 302] (the “Second Status Report”).

PLEASE TAKE FURTHER NOTICE that the Second Status Report contained a scrivener’s error in the introductory paragraph that incorrectly listed Platinum Management (NY) LLC (“PMNY”) as an entity in receivership. PMNY is not currently in receivership. Accordingly, the Receiver has corrected this inadvertent error to delete PMNY from the list of receivership entities. No other changes have been made other than this correction to the introductory paragraph. Attached as **Exhibit 1** hereto is the Receiver’s Corrected Second Status Report to the Court.

Dated: February 2, 2018

OTTERBOURG P.C.

By: /s/Adam C. Silverstein

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EXHIBIT 1

As required by the Second Amended Order Appointing Receiver (the “Receiver Order”), entered on October 16, 2017 [Dkt. No. 276], within twenty (20) days of the end of each quarter, the Receiver shall file a quarterly status report containing the following information:

- A. A summary of the operations of the Receivership;
- B. The amount of cash on hand, the amount and nature of accrued administrative expenses, and the amount of unencumbered funds in the estate;
- C. A schedule of all the Receiver’s receipts and disbursements (attached as Exhibit A hereto), with one column for the quarterly period covered and a second column for the entire duration of the receivership;
- D. A description of all known Receivership Property, including approximate or actual valuations, anticipated or proposed dispositions, and reasons for retaining assets where no disposition is intended;
- E. A description of liquidated and unliquidated claims held by the Receivership Estate, including the need for forensic and/or investigatory resources; approximate valuations of claims; and anticipated or proposed methods of enforcing such claims (including likelihood of success in: (i) reducing the claims to judgment; and (ii) collecting such judgments);
- F. A summary of the status of the Receiver’s investigation of the transactions by and among the Receivership Entities;
- G. A list of all known investors and creditors and the amount of their investments and claims, as applicable, redacted to exclude personally identifiable information;
- H. The status of investor and creditor claims proceedings, after such proceedings have been commenced;

- I. The Receiver's recommendations for a continuation or discontinuation of the receivership and the reasons for the recommendations; and
- J. Any other information that the Receiver reasonably deems appropriate to include in the report.

I. SUMMARY OF OPERATIONS OF THE RECEIVERSHIP

A. Appointment of Receiver

On December 19, 2016, the District Court entered an Order Appointing Receiver, [Dkt. Nos. 6 and 16], which appointed Bart Schwartz as receiver (the "Prior Receiver"). At the time of his appointment, the Prior Receiver was serving as a monitor for the Platinum Entities.

On June 23, 2017, after six months, the Prior Receiver resigned and, upon the recommendation of the SEC, by Order dated July 6, 2017, Melanie L. Cyganowski was appointed as Receiver, effective immediately (*i.e.*, July 6, 2017), and ordered to assume all authority previously held by the Prior Receiver. [Dkt. No. 216].

Under the terms of the Receiver Order, the Receiver is, among other things, required to preserve the *status quo*, ascertain the extent of commingling of funds, ascertain the true financial condition of the Platinum Entities, prevent further dissipation of property and assets of those entities, prevent the encumbrance or disposal of property or assets of the Platinum Entities, preserve the books, records, and documents of the Platinum Entities, be available to respond to investors' inquiries, protect investors' assets, conduct an orderly wind down, including a responsible disposition of assets and an orderly and fair distribution of those assets to investors, and determine whether one or more of the Receivership Entities should undertake bankruptcy filings.

Under the Receiver Order, the Receiver was granted the following general powers and duties:

(a) To use reasonable efforts to determine the nature, location and value of all property interests of the Receivership Entities, including, but not limited to, monies, funds, securities, credits, effects, goods, chattels, lands, premises, leases, claims, rights and other assets, together with all rents, profits, dividends, interest or other income attributable thereto, of whatever kind, which the Receivership Entities own, possess, have a beneficial interest in, or control directly or indirectly (“Receivership Property”);

(b) To take custody, control and possession of all Receivership Property and records relevant thereto from the Receivership Entities; to sue for and collect, recover, receive and take into possession from third parties all Receivership Property and records relevant thereto;

(c) To manage, control, operate and maintain the Receivership Entities and hold in the Receiver’s possession, custody and control all Receivership Property, pending further Order of this Court;

(d) To use Receivership Property for the benefit of the Receivership Estate, making payments and disbursements and incurring expenses as may be necessary or advisable in the ordinary course of business in discharging the Receiver’s duties as Receiver;

(e) To take any action which, prior to the entry of this Order, could have been taken by the officers, directors, managers, managing members, and general and limited partners, and agents of the Receivership Entities;

(f) To engage and employ persons in the Receiver’s discretion to assist the Receiver in carrying out the Receiver’s duties and responsibilities hereunder, including, but not limited to, accountants, attorneys, securities traders, registered representatives, financial or business advisers, liquidating agents, real estate agents, forensic experts, brokers, traders or auctioneers, subject to Court approval;

(g) To take such action as necessary and appropriate for the preservation of Receivership Property or to prevent the dissipation or concealment of Receivership Property;

(h) To issue subpoenas for documents and testimony consistent with the Federal Rules of Civil Procedure and Court orders;

(i) To investigate transactions by and among Receivership Entities, defendants, and any other persons and entities.

(j) To bring such legal actions based on law or equity in any state, federal, or foreign court as the Receiver deems necessary or appropriate in discharging the Receiver's duties as Receiver;

(k) To pursue, resist and defend all suits, actions, claims and demands which may now be pending or which may be brought by or asserted against the Receivership Estate; and

(l) To take such other action as may be approved by the Court.

To assist her with her duties, the Receiver sought the retention of counsel and a financial advisor. To that end, on July 21, 2017, the Court approved the retention of Otterbourg P.C. ("Otterbourg") as legal counsel to the Receiver [Dkt. no. 231] and Goldin Associates LLC as her financial advisor [Dkt. no. 232] ("Goldin" and, together with Otterbourg, the "Receivership Team").

B. Analysis and Disposition of Receivership Assets

After assuming control of the Receivership Entities from the Prior Receiver, the Receiver and her team spent the initial months of her appointment rapidly obtaining an understanding of the portfolio of assets and addressing the myriad of emergencies confronting several of the assets. Following this initial flurry of activity, the Receiver turned her attention to monetizing

the assets and analyzing, with the assistance of her retained professionals, options for monetizing each of the assets in the portfolio.

The opening investment portfolio consisted of 90 investments. A single investment may have multiple assets, some of which may be separately marketed and monetized. Thus, a purportedly “single” investment may actually be the equivalent of multiple investments when it comes to liquidating the underlying assets. The investments of the Platinum Entities are diverse, but generally fall into three main asset categories: (i) life settlement investments (*e.g.*, investments in life insurance policies), (ii) litigation finance investments, and (iii) “other” assets, which vary greatly, although there is a significant concentration in the metals, mining and energy sectors. Most of the companies are in the developmental stages and have not yet had proven success. In addition, the investments are located around the country and around the world, including Brazil, China and Australia.

Important to understanding how best to monetize each asset was first gaining an understanding of exactly what was being sold and whether the cooperation of others in the capital structure was necessary to effectuate a sale and/or enhance the returns on any sale of the asset. For example, in some cases the Receivership Entities own a debt position, in others an equity position, and in others it may be a combination of the two. The debt holdings also vary from senior positions, subordinate positions or, in some cases, only a residual interest after the Receivership Entity sold a 100% participation in its debt holding. Depending upon the nature of the Receivership Entity’s holdings, it may be possible to sell the underlying business or a 100% equity interest in the business, while in other instances, it may only be possible to sell the Receivership Entity’s debt position or its share of the equity (which in many cases is not publicly

traded and, therefore, there is no readily available platform for a sale). To the extent possible, the Receiver has worked with other investors in the asset to maximize recovery for both parties.

The Receivership Team spent considerable time evaluating the assets and prioritizing those investments that either required immediate attention or could be most readily monetized. Unfortunately, many of the investments are problematic, have real or potential significant liabilities, and/or require additional cash investment for the underlying company (all of which were still in the developmental stages) to continue or resume operations. During the Reporting Period, and at this time, the Receiver was, and is, making expense payments that are necessary only to maintain or preserve the value of an asset, to protect collateral and/or to stabilize operations, such as lease payments, premium payments on life insurance policies, and/ litigation financing obligations. The Receiver, at this time, does not believe that, under the circumstances of the receivership, any asset warrants capital investment beyond what is necessary to preserve that asset. When possible, the Receiver has undertaken negotiations with other investors or stakeholders involved with an asset, including management, for such other parties to infuse additional cash into the investment to preserve value until the asset can be sold, as well as to reduce ongoing expenditures.

Because the investments are diverse, the monetization options vary greatly from one investment to another. For example, the types of companies in which these investments were made range from pharmaceutical startups, to foreign “shell” companies, to a chain of small grocery stores in rural China, and, while many of the assets are in the metals, mining and energy sectors, each of these companies are located in different regions domestically and globally and have unique characteristics. The Receivership Team has sought to “triage” the various assets; first focusing on those assets that are relatively liquid, such as publicly traded stocks, life

settlement investments and litigation finance investments; and then focusing on those assets that are less liquid, but nonetheless, with greater time and effort, can be marketed and hopefully liquidated.

To assist the Receiver with the monetization of the assets, she retained Houlihan Lokey Capital, Inc. (“Houlihan Lokey”)² and Conway MacKenzie Capital Advisors, LLC (“Conway MacKenzie”).³ Houlihan Lokey and Conway MacKenzie are each responsible for different assets, and there is no overlap in the work performed by each.

Because of Houlihan Lokey’s areas of expertise, it was retained to market and sell specific assets, including the life settlements portfolio, the litigation finance portfolio and the following other investments: (i) Abdala Tailings Project, (ii) Urogen Pharmaceuticals, Inc. and (iii) LC Energy Operations LLP. Houlihan was retained to market these assets because of their potential value to Platinum and Houlihan Lokey’s experience in marketing assets of this type. As the Court acknowledged in the Houlihan Opinion, Houlihan Lokey was retained because of, among other reasons, its extensive experience with several hedge fund wind-downs, experience with marketing illiquid assets across a broad spectrum of alternative investments, and breadth of knowledge of potential investors to create a competitive environment to maximize recovery. *Houlihan Opinion* at 6.

The Receiver retained Conway MacKenzie to provide due diligence and recommendations for disposition on certain of the remaining assets that are not being marketed by Houlihan. Conway MacKenzie was asked to focus its initial efforts on the following assets:

² The Court approved Houlihan Lokey’s retention on November 11, 2017, *nunc pro tunc* to September 11, 2017, and issued a Memorandum Opinion regarding Houlihan Lokey’s retention on November 21, 2017 (the “Houlihan Opinion”). [Dkt. No. 285].

³ Conway MacKenzie’s retention was approved by the Court on November 11, 2017, *nunc pro tunc* to October 12, 2017. [Dkt. No. 280].

(i) West Ventures LLC and its wholly owned subsidiary, Buffalo Lake Advanced Biofuels, LLC, also known as BLAB, (ii) Desert Hawk Gold Corp. and (iii) Daybreak Oil and Gas, Inc. The Receiver has since identified additional investments for Conway MacKenzie to review and evaluate, including (i) American Patriot Gold, (ii) Greentown Oil Company, (iii) Arabella Exploration, (iv) Nordaq Energy, (v) Xcell Energy, and (vi) Decision Diagnostics Corp.

In addition to the due diligence performed by Houlihan Lokey and Conway MacKenzie on the assets that each has been asked to review, the Receiver and the Receivership Team have also fully debriefed Platinum's portfolio managers that were working at Platinum at the time of her appointment with respect to each of the investments, have had extensive interaction with the management teams of the underlying portfolio companies (when available and appropriate) and have received input from investors and Platinum's prior management regarding investments. For example, during the Reporting Period, the Receiver met with the representatives of a group of investors, as well as with Mr. Nordlicht and his counsel, and has scheduled a meeting with counsel for the Defendants. The Receiver considers the information and input she has received in an effort to obtain as much information about the asset as possible to assist her with decisions regarding the disposition of the asset.

During the first quarter of the Receiver's appointment, Platinum received approximately \$11 million from the liquidation of certain assets. During the Reporting Period, Platinum received an additional approximately \$11.5 million from the sale of other assets. Similar to the prior period, none of these assets has been liquidated in a "fire sale" fashion. Indeed, to the contrary, the assets were monetized at par value and, in one case described below (Acceleration Bay), at par, plus a residual "upside." The investments liquidated during the Reporting Period and the amount received by the Receivership Estate was as follows:

- Acceleration Bay (\$10.54 million, plus a 5% residual interest)
- AirDye (\$1.265 million)
- Clifford Chance/Excalibur (\$99,000)

Also during the Reporting Period, Houlihan Lokey, with the assistance of the Receivership Team, prepared other assets for market. The Receivership Team has also been actively working with Conway MacKenzie on the assets that it has been asked to review. The assets assigned to Conway MacKenzie for marketing tend to be assets that require substantial due diligence to enable the asset to be brought to market in a manner to achieve optimal value. Conway MacKenzie has been tasked with gaining a further understanding of the particular assets in its portfolio, including making site visits and engaging with the management teams of each, to present the Receiver with options for monetizing each asset.

C. Administrative Matters

In addition to focusing on the liquidation of assets, the Receiver and the Receivership Team also attended to several administrative matters intended to either reduce overhead, were attendant to the maintenance or enhancement of a particular investment, were necessary for the effective running of the Receivership Estate, or were needed to protect the interests of the estate.

(a) **Expansion of Receivership.** Since the last report, upon application of the Receiver, three additional Platinum entities have been added to the estate under the Receiver's control and the Court's oversight (the "Receivership Estate"): (i) Platinum Partners Liquid Opportunity Master Fund L.P.; (ii) Platinum Partners Credit Opportunities Fund International Ltd; and (iii) Platinum Partners Credit Opportunities Fund International (A) Ltd. The Receiver does not contemplate adding any additional entities at this time, although the Receiver reserved the right to ask the Court to do so at any time if she believes that it is beneficial and appropriate.

(b) **Retention of Limited Scope Professionals.** Because of the wide range of jurisdictions in which the Platinum assets are located, the Receiver requires the assistance of several local law firms to assist with protecting the assets and to provide their relevant expertise. Many of these law firms were providing services prior to the Receiver's retention and were included in an application by the Prior Receiver seeking authority to retain such law firms. Accordingly, on November 15, 2017, the Receiver filed a Declaration, identifying those professionals that the Receiver sought to retain on a go forward basis that the Prior Receiver had previously sought authority to retain. [Dkt. No. 281]. The Court approved the Receiver's requests and entered an order authorizing the retention and payment of such limited scope professionals on December 26, 2017. [Dkt. No. 294]. To streamline the process for retaining additional limited scope professionals as needed going forward, the Receiver also sought and obtained approval for procedures to retain such limited scope professionals in the future should the need arise. [Dkt. Nos. 292 and 296].

(c) **Headcount Reduction.** Since the Receiver's appointment, the number of employees has been reduced from thirteen (13) to four (4). There are currently two remaining portfolio managers, the chief financial officer and the general counsel. The director of information technology was transitioned to an independent consultancy at a lower cost to the Receivership Estate, while maintaining the same level of service. Prior to the departure of each portfolio manager, the Receivership Team received a detailed download regarding the assets in each's respective portfolio. During the Reporting Period, the Receiver negotiated the separation of employees from Platinum and/or revised work terms.

(d) **Relocation of Platinum Offices.** The Receivership Team also worked with the remaining employees of Platinum to effectuate the relocation of the Platinum offices to smaller,

less expensive office space in the same building in which the Receiver's office is located. In addition to cost savings on the office lease (a reduction from \$15,750 per month to \$9,972 per month for savings of \$5,972 per month), the relocation will result in cost savings on information technology due to a consolidation of services and equipment, all while safeguarding Platinum's electronically stored information through multiple redundant systems. The relocation was completed before the end of 2017 and allows the Receivership Team and the Platinum employees to meet in person without losing time to travel.

(e) **PPVA**. The Receiver continued to work with the joint liquidators for Platinum Partners Value Arbitrage Fund L.P. (together with its feeder funds, "PPVA")⁴ to maximize the value of jointly held assets. The Receivership Team had regular teleconferences and met in-person meeting with the joint liquidators for both the PPVA funds. The Receivership Team regularly communicates with the joint liquidators and their professionals to discuss the liquidation or analysis of specific assets to maximize value for both estates and ensure an efficient liquidation process. Both the Receiver and the joint liquidators are focused on working together to maximize value for jointly held assets and will continue to work together to address any inter-fund issues after the assets are monetized.

(f) **Communications with Investors and Other Interested Parties**. The Receiver organized and held a "town hall" style webinar and telephone conference on December 20, 2017 to provide an update to investors and to answer questions submitted by investors. Forty people participated via the webinar and another 51 participated by telephone. A video of the town hall meeting has been posted on the Receiver's website (www.platinumreceivership.com) and the Receiver has committed to holding similar forums going forward. The Receiver periodically

⁴ PPVA is the subject of an insolvency proceeding pending in the Cayman Islands.

updates the Receiver's website with key documents, answers to frequently asked questions, and status reports to investors. The Receiver also intends to post information on the website a list of certain assets currently under review and that are, or may be, marketed for sale, and a contact person at the Receivership Team. The Receiver and the Receivership Team also have had meetings with investors and their representatives, the Defendants and equity holders in specific investment vehicles in which Platinum is the majority holder.

(g) **SEC Meetings**. The Receiver regularly periodically, and more frequently if needed, communicates via telephone and e-mails with the SEC staff to keep them apprised of ongoing matters and to alert them to potential retentions and filings by the Receiver. The Receiver and her counsel have also met in-person with the SEC during the Reporting Period.

(h) **Taxes**. The Receivership Team and Platinum's Chief Financial Officer worked with Deloitte Tax LLP in connection with the preparation of Platinum's local, state and federal tax returns, as well as 2016 K-1 forms for investors. The returns for the PPCO Funds were completed, and the corresponding investor K-1s were mailed prior to year-end. The Receivership Team and Platinum's Chief Financial Officer are working diligently to complete tax returns and investor K-1s for the PPLO Funds. Prior management had not completed the PPLO Funds' 2015 tax returns, thus, the current efforts encompass both tax years 2015 and 2016. Additionally, the Receiver and the Receivership Team have attempted to respond to investor inquiries and continue to regularly respond and react to such inquiries and requests for information.

(i) **Court Hearings and Applications in Other Courts**. The Receiver and her counsel prepared for and attended the status conference in this case before the Court on December 1, 2017. The Receiver and/or her attorneys also prepared for and attended (i) a hearing on October 12, 2017 to consider the petition of the joint liquidators of a PPVA related

entity for recognition of the solvency proceeding; (ii) the October 17, 2017 status conference in the criminal proceeding; and (iii) a hearing on October 10, 2017 in state court to consider the Defendants' dispute with the excess insurers on the director and officer liability policies. In addition, many of the Platinum investments are subject to their own bankruptcy proceedings or are involved in other court proceedings around the world. The Receiver's counsel monitors such proceedings, either directly or through local counsel, and, when necessary, prepares pleadings to file in such proceedings.

II. CASH, EXPENSES, AND UNENCUMBERED ASSETS

A schedule summarizing cash receipts and disbursements, as well as cash on hand for the Reporting Period, is set forth in the Schedule of Receipts and Disbursements attached hereto as **Exhibit A**.

As of December 31, 2017, the Receivership Entities had \$11.7 million in funds, of which \$10.2 million was held in cash in bank accounts and \$1.5 million was held in brokerage accounts. These funds include proceeds from the liquidation of assets. Certain parties claiming an interest in particular assets sold have asserted claims to a portion of the sale proceeds of the particular assets sold (as opposed to a general claim against the Receivership Estate). Other parties have presented documentation purporting to grant them security interests in all or certain of the Receivership Estate's assets. These claims will be addressed in due course.

Cash disbursements during the Reporting Period totaled approximately \$8.6 million, consisting primarily of (i) \$4.5 million in disbursements to retained professionals and the Receiver (many of which were incurred prior to the Receiver's appointment, but had not yet been paid); (ii) \$535,100 in business asset expenses (payroll and related expenses paid to Platinum employees and rent); and (iii) \$3.45 million in investment expenses, which include funds disbursed to preserve the value of the following assets, pending the sale of each: Acceleration

Bay (\$1.4 million), ALS Capital Ventures LLC (\$1.7 million), LC Energy (\$270,000) and Abdala (\$111,600).

It is estimated that, as of December 31, 2017, unpaid administrative expenses amount to approximately \$2.58 million. This amount includes the fees and expenses that will be requested by the Receiver, Otterbourg and Goldin for the Reporting Period, holdbacks to the Receiver, Otterbourg and Goldin with respect to their respective first interim fee applications, holdbacks to the Prior Receiver's counsel (Cooley) with respect to its interim fee application, and fees and expenses of other professionals retained by the Receiver or the Prior Receiver.

Cash receipts during the Reporting Period totaled approximately \$11.5 million. This amount primarily consists of proceeds derived from dispositions associated with the following investments: Acceleration Bay (\$10.01 million net to Platinum),⁵ AirDye (\$1.265 million) and a settlement with Clifford Chance (\$99,000).

III. RECEIVERSHIP PROPERTY

As of December 31, 2017, the primary assets of the Receivership Estate consisted of the following:

- (a) Cash and cash equivalents of approximately \$11.7 million⁶;
- (b) Real estate investments without any set book value, due to their inherently speculative nature; and
- (c) Investments in natural resources, litigation financing, life settlement investments, energy and other miscellaneous investments.

⁵ The net amount to Platinum is net of a \$526,000 completion fee paid to Houlihan Lokey pursuant to its retention agreement. The gross sale amount was \$10,540,000.

⁶ Of this amount \$10.2 million was held in cash bank accounts and \$1.5 million was held in brokerage accounts.

A list of Receivership Property – namely each asset of the PPCO and PPLO entities – is attached hereto as **Exhibit B**.

The Receiver cannot at this time ascribe values to each of the assets. Unfortunately, many of the values ascribed to Platinum assets, whether by the Prior Receiver or Platinum management, were based upon assumptions that derived from prior (now removed) management's plans, which are now (and likely always were) unrealistic, in light of the receivership's current liquidity challenges, and/or can otherwise no longer be supported. The actual realized value of these investments may differ materially from the valuations determined by Platinum's prior management and/or the Prior Receiver, and the underlying assets may suffer from significant liabilities that were not accounted for in prior valuations. The Receiver is focusing her efforts on ensuring a sound process for the marketing and disposition of assets to achieve the fair market value of the assets.

Many of the investments made by Platinum were investments in enterprises that are still in the developmental stage, have no established market value (with any future value being highly speculative) and, in some instances, require significant additional capital investment to even have the possibility of realizing a return on such investment. As such, the prior valuations were often based on assumptions that Platinum would invest significant additional capital in the assets with the hope that such investments would pay dividends in the long term future. As the Court stated in the Houlihan Opinion, "[t]he Receiver is not tasked with making speculative investments. Instead, she is entrusted with the responsibility to prudently wind-down the Receiver Entities and dispose of the Receivership Assets in a manner that safely returns to stakeholders what value can be salvaged. She is not empowered to jeopardize that return by indulging in risky investment

opportunities with the very money she has been charged to return to the victims of alleged years' long fraudulent conspiracies." *Houlihan Opinion* at 8.

In addition, there are certain assets that may ultimately have no realizable value. Decisions regarding the monetization of investments necessarily will entail an understanding of the interplay between future expenses (*i.e.*, cost to the estate to maintain the asset) and the time it will take to market and obtain a purchaser for the investment. The Receiver's goal is to monetize and sell the investments in a manner that balances the interests of being judicious with the assets of the estate, maximizing value and expeditiously disposing of the assets to allow the Receiver to make distributions to investors and creditors and close the case.

In the performance of her duties, the Receiver has also sought input from investors and prior management regarding certain of the investments. While the Receiver has made, and will continue to make, all decisions regarding the liquidation of the Receivership Entities' assets, and has made and will make informed decisions regarding each asset, the Receiver has elicited the input from others with knowledge of the asset and/or who have a stake in its disposition. Of course, all decisions are ultimately those of the Receiver.

The Receiver has focused on a myriad of investments during the Reporting Period. Below is an overview of certain of the investments in which the Receiver and the Receivership Team have dedicated significant time. The below summaries include a brief description of the nature of the investment, work performed, and status during the Reporting Period.

(d) **Abdala** – refers to PPCO's interests in (through a subsidiary, West Ventures LLC) a tailings dam of the Abdala Mining gold mine located near Cuiaba, Brazil. PPCO's interests have been the subject of litigation and negotiation with multiple parties-in-interest, including the owner of the mine itself, as well as the landlord and primary tenant of the adjacent

parcel on which a processing facility for the tailings is to be constructed. The project is now in the permitting stage. This investment is within the portfolio of investments that Houlihan Lokey has been engaged to market and sell. Houlihan Lokey launched the marketing process for this asset on December 13, 2017, a data room for interested parties that have signed a Non-Disclosure Agreement (“NDA”) has been opened and Houlihan Lokey has been speaking with interested parties. The marketing of Abdala is ongoing.

The Receivership Team has spent significant time analyzing the legal, financial, regulatory and business issues relating to this project, with a focus on confirming and approving only those expenditures (such as local legal, security and consulting fees) as are necessary to preserve and position PPCO’s interests for disposition by the receivership. The Receivership Team conferred with local counsel in Brazil, met in-person with the portfolio manager responsible for the matter, reviewed background documentation, including, loan documents and consultants’ reports and recommendations, and negotiated a revised retention agreement with local counsel to reduce and definitively determine that firm’s potential upside on any sale. The Receivership Team worked extensively with Houlihan Lokey to prepare for the marketing of this asset. The Receiver and Otterbourg also have had meetings and telephone calls with investors and their representatives to discuss the Receiver’s process for monetizing this asset. The Receiver has made every effort to keep the lines of communication open with investors.

(e) **Acceleration Bay** – refers to a litigation funding loan made by Hamilton Capital XII LLC, (“Hamilton”) a limited liability company of which PPCO is the managing member and majority owner, to a company holding certain patents with application to, among other things, distributed electronic gaming systems. Acceleration Bay is in the process of prosecuting claims

against multiple entities that Acceleration Bay claims are infringing on the applicable patents owned by it. Trials on Acceleration Bay's claims are anticipated to commence in April of 2018.

This investment is within the portfolio of investments that Houlihan Lokey has been engaged to sell. The Receivership Team worked with Houlihan Lokey to position this asset for marketing. A data room was created, Houlihan Lokey reached out to its extensive network of potential investors regarding the sale and made the data room accessible to those potential investors that sought further review of the asset, after executing an NDA. Houlihan Lokey sought initial bids from interested parties by December 12, 2017. Houlihan Lokey received bids from ten (10) interested parties, some of whom submitted both all-cash at closing bids and hybrid based upon a cash payment and/or a structured payout (based upon the outcome of the infringement litigation). Houlihan Lokey reviewed each round of bids in detail with the Receiver, analyzing which bids warranted further engagement. The Receiver ultimately determined to engage with one investor that was willing to provide a pre-emptive premium. At the end of the fourth quarter of 2017, through these efforts, the Receiver successfully sold Hamilton's interest in the Acceleration Bay loan for (i) \$10,540,000 cash at closing, representing a par recovery on Hamilton's investment, plus (ii) a retained 5% interest in all amounts received by the purchaser from the litigation proceeds as provided for in the loan agreement governing Hamilton's loan to Acceleration Bay. The net cash amount received by Platinum at closing, after payment of \$526,000 to Houlihan Lokey representing the transaction fee it was due under the terms of its engagement agreement, was approximately \$10.01 million. This sale benefitted Platinum by not only receiving a return of the loan at par value and still retaining an interest in the potential recoveries on the litigation, but by also ending the significant outlay of cash (\$700,000 per month) required to fund the litigation. Once the purchase price was agreed to, the

Receivership Team worked with Houlihan Lokey to consummate the sale, preparing on an expedited basis all of the transaction documents, and the negotiation and closing of the asset sale.

(f) **Accutane** - refers to a litigation financing investment by a Platinum related entity in a products liability litigation currently on appeal before the Supreme Court for the State of New Jersey.

During the Reporting Period, the Receivership Team worked closely with Houlihan Lokey to evaluate strategic alternatives with regard to this asset. Specifically, the Receiver and her team analyzed the legal and business issues relating to this investment, had conference calls and in-person conferences with principals for the borrower and its counsel and analyzed of pleadings and other publicly available legal materials. The Receiver continues to explore options for monetizing this asset.

(g) **Agera** – refers to Agera Energy LLC and Agera Holdings, LLC (collectively, “Agera”). Agera is a retail energy service company. In June 2016, prior to the receivership, Principal Growth Strategy, LLC (“PGS”), which is owned 55% by PPVA and 45% by PPCO, sold a portion of its interests in Agera to certain entities affiliated and/or associated with Beechwood Re Investments LLC (“Beechwood”).

During the Reporting Period, the Receivership Team analyzed the legal and business issues relating to this transaction, with a focus on understanding the remaining value in PGS’ positions with Agera, and determining the specific nature of the various transactions between and among, PPCO, PPVA, Beechwood, PGS and Agera. The Receivership Team has been working with the joint liquidators of PPVA with respect to Agera, participating in conference calls and in-person conferences with PPVA, the Receiver’s financial advisors and others with information

regarding the transactions, and analyzing Beechwood's activities with respect to this investment. The Receiver continues to explore her options with respect to Agera.

(h) **AirDye** – refers to PPCO's interests in AirDye Solutions, LLC, a textile technology company based on a proprietary dyeing process. PPCO directly owned a subordinated note from AirDye, as well as equity in AirDye's parent. PPVA also held interests in AirDye. During the Reporting Period, the Receiver sold all of PPCO's interests in AirDye to AirDye's management, and settled all outstanding disputes among the parties, including the dismissal of four active arbitrations.

During the Reporting Period, the Receivership Team conducted due diligence on AirDye and, together with Goldin, reviewed, negotiated and approved the pricing and settlement terms initially proposed by AirDye's management to purchase all of PPCO's and PPVA's interests in AirDye. The Receivership Estate realized \$1.265 million from the sale and settlement. Otterbourg negotiated and drafted the Settlement and Assignment Agreement and General Release and related settlement documents with not only AirDye's management, but with PPVA.

(i) **ALS** – refers to a portfolio of life settlement investments owned through an entity in which PPCO is the majority owner and managing member.

During the Reporting Period, the Receivership Team continued to analyze the legal and business issues relating to this portfolio, with a focus on positioning the life settlements for disposition. This investment is within the portfolio of investments that Houlihan Lokey has been engaged to sell. Upon the Receiver's appointment and review of the portfolio of life insurance policies, she discovered that the files with respect to the policies were in disarray and information that was needed to market and sell the portfolio, such as updated medical reports on each of the insureds, was sorely lacking. The Receivership Team has been working diligently

with Houlihan Lokey and the third party administrator of the life settlement policies to reach out to each of the insureds to bring the files up to date, which will enhance the value of the portfolio. Otterbourg communicated with each of the insureds regarding their obligations under the purchase agreements by which ALS came to own the policies and had follow-up communications with the insureds or their representatives (*e.g.*, family members, accountants, rabbis). While the Receiver has not yet achieved full compliance from all of the insureds, some of whom continue to be uncooperative or unresponsive notwithstanding the Receiver's efforts, significant progress was made to improve the portfolio and obtain the cooperation of the majority of the insureds in the portfolio.

Additionally, the Receiver addressed issues raised by ALS' minority interest holders and negotiated a dismissal without prejudice of a lawsuit filed by those minority interests (Pea & En, LLC et al. v. ALS Capital Ventures LLC, Index No. 656939/2017, in the Supreme Court for the State of New York, New York County). The Receivership Team also ascertained and advocated the portfolio's rights in certain other policies that were purportedly cancelled prior to the Receiver's appointment. The Receiver is also analyzing the extent, if any, that ALS proceeds should be distributed to ALS minority members upon disposition.

(j) **Arabella** – refers to three entities each containing Arabella in their names. In 2014, PPCO made a \$16 million loan to Arabella Exploration, Inc. (“AEI”) pursuant to a \$45 million dollar loan facility (the “Loan”). The Loan was secured by all of AEI's assets, and was guaranteed and secured by the assets of AEI's subsidiaries, Arabella Exploration, LLC (“AEX”) and Arabella Operating, LLC (“AO” and, together with AEX and AEI, “Arabella”). Arabella is involved in the ownership and operation of certain oil and gas properties in the Permian and Delaware Basins in Texas. AEX and AO are debtors in bankruptcy proceedings in the U.S.

Bankruptcy Court for the Northern District of Texas and a liquidation proceeding in the Cayman Islands (which has been recognized in a Chapter 15 case pending in the Northern District of Texas). Platinum filed claims in Arabella's bankruptcy proceedings in an amount of \$20,061,589.04. Pre-Receivership, a related Arabella entity in which Platinum does not have an interest – Arabella Petroleum Corporation (“APC”) -- commenced an action against Arabella asserting claims for the recovery of certain assets that are the subject of PPCO's liens. APC is also a debtor in a bankruptcy proceeding pending in the Western District of Texas. The Prior Receiver entered into a settlement agreement with the Trustee of APC, settling the claims and agreeing to the interests of each estate in the combined assets that are to be sold in the respective bankruptcy cases. The Arabella Settlement Agreement was approved by this Court.

During the Reporting Period, the Receivership Team analyzed the issues with respect to an adversary proceeding commenced by the operator of the majority of the Arabella wells, Founders Oil & Gas III, LLC and Founders Oil & Gas Operating, LLC (collectively, “Founders”), which is attempting to seize revenues from six oil and gas wells through, what Arabella asserts is a misapplication of two joint operating agreements. Otterbourg reviewed the Founders adversary proceeding, prepared for the mediation in Texas, and attended the mediation in Texas with Arabella, Founders and the Trustee of APC. To prepare for the mediation, the Receivership Team had several internal strategy sessions and meetings with Arabella management and professionals representing Arabella, to review the mediation positions and impact on the possible sale of the Arabella assets. Otterbourg sent a representative to Texas to attend the all-day mediation in October. The mediation did not result in a settlement, although the parties have continued to engage in periodic discussions. Following the failure of the mediation, Arabella continued to prosecute its summary judgment motion in the Texas

Bankruptcy Court. Summary judgment was denied and the trial on the Founders adversary proceeding is currently expected to occur during the first half of this year. The issues with Founders have delayed the sale of the Arabella assets.

The Receiver is also engaged in discussions with the Trustee for APC, which has a partial interest in the Arabella assets, to resolve certain issues between the estates and work cooperatively to maximize value for both estates. The Receivership Team spent significant time during the Reporting Period reviewing and negotiating a proposed use of cash collateral motion with Arabella's professionals. The cash collateral motion elicited several objections, including objections by a purported participant in Platinum's loan to Arabella and several of Platinum's former professionals who entered into an agreement with prior management that purports to be a first out guaranty of their professional fees. In connection with these issues, Otterbourg reviewed the purported participation agreement and worked with Arabella's professionals to revise the cash collateral request. The Receiver also prepared and filed a response to the participant's attempt to have Platinum's claims against Arabella transferred to the participant without Platinum's consent and in violation of the participation agreement and the Receiver Order.

Additionally, during the Reporting Period, the Receiver requested assistance from Conway MacKenzie with the evaluation and execution of monetization alternatives related to PPCO's interests in Arabella. The Conway MacKenzie professional working on the matter is based in Texas and is experienced in the oil industry. The ultimate recovery with respect to the Arabella Loan can be impacted by many different factors, including the Founders litigation, an alleged "first out" participation claimed by certain professionals who represented Platinum in connection with Arabella, as well as the participation agreement entered into by the Prior

Receiver. The Receiver disputes the rights of many, if not all, of the foregoing third parties who assert an interest in Arabella's assets.

(k) **Black Elk** - refers to the Black Elk Energy Offshore Operations LLC, in which PPCO and certain affiliates hold interests at different levels of the Black Elk capital structure. This is the investment that specifically contributed to the filing of this SEC action in which the Platinum Entities and other individual defendants were accused of defrauding Black Elk and its investors. Black Elk is a debtor in a bankruptcy case pending in the United States Bankruptcy Court for the Southern District of Texas. The Prior Receiver negotiated a settlement agreement with the Trustee of Black Elk (the "Black Elk Settlement Agreement"), pursuant to which, among other things, the Black Elk Trustee was given an allowed claim against PPCO. The Black Elk Settlement Agreement also provides that if another Platinum entity that was not at the time included in the Receivership Estate -- Platinum Liquid Opportunity Master Fund, L.P., a Cayman Islands limited partnership ("PPLO Master Fund") -- was thereafter included, then the Black Elk Trustee would have an additional claim against PPLO Master Fund in the Receivership Estate. Any claims that Platinum has against the Black Elk estate are subordinated and, accordingly, the Receiver does not currently anticipate that there will be a recovery with respect to this asset.

During the Reporting Period, Otterbourg spoke with counsel for the Black Elk Trustee to discuss, among other things, whether the Receiver would be seeking to add the PPLO Master Fund to the Receivership estate and a request by the Black Elk Trustee for documents from Platinum. On the first issue, the Receiver analyzed the impact on the Receivership Estate of seeking to add PPLO Master Fund as a Receivership Entity and determined to add such entity, which inclusion was approved by the Court. On the second issue, the Black Elk Trustee followed-up his informal request for documents with a formal subpoena. Otterbourg reviewed

the subpoena and prepared and served an objection to the subpoena, on the grounds that, among other things, it was overbroad and violated the Receiver Order.

(l) **Buffalo Lake Advanced Biofuels (a/k/a BLAB)** - refers to a shuttered ethanol plant located in Minnesota in which PPCO holds a debt and equity interest. There are multiple legal, financial, regulatory and business issues relating to this investment that required attention so that the Receiver could seek to market the asset.

During the Reporting Period, the Receivership Team worked with Conway MacKenzie to ascertain what funds are required by BLAB, to examine potential liabilities, and to evaluate relevant strategic alternatives that are available for the disposition of Platinum's interests. The Receiver prepared a Funding, Fee Sharing and Sale Proceeds Sharing Agreement (the "Funding and Sharing Agreement") with the CEO of BLAB, whereby the CEO will make an additional investment in BLAB and provide assistance to Conway MacKenzie with respect to a near term sale of BLAB's assets. The Funding and Sharing Agreement is close to being finalized and, thereafter, Conway MacKenzie will move forward with a targeted outreach to strategic buyers and continue to explore all other disposition options.

(m) **China Horizons/Yellow River** – refers to PPCO's equity and debt interests in two companies -- China Horizon and Yellow River—created to build a chain of convenience stores in rural China. China Horizon was originally a joint venture with another company, China Post. China Post subsequently pulled out of the joint venture and China Horizon transferred its intellectual property to another company -- Yellow River -- in exchange for equity in Yellow River. Subsequent to the transfer, China Horizon received approximately \$15 million from China Post as proceeds of the settlement of a dispute between them. PPCO and PPVA jointly

own a share of the equity of Yellow River and a share of promissory notes from China Horizon, which are not yet due.

During the Reporting Period, the Receiver and the Receivership Team explored options for obtaining an early repayment of the notes from China Horizon and liquidating PPCO's and PPVA's equity interests in Yellow River. The Receiver received an expression of interest from a third party based in China to purchase Platinum's interests in the China Horizon notes and its Yellow River equity position. The Receivership Team spent time during the Reporting Period discussing the proposal with PPVA and analyzing the offer. The Receiver continues to explore the offer and is also examining other options.

(n) **Cleveland Mining** – refers to Cleveland Mining Company Limited (“Cleveland Mining”), a publicly listed company located in Australia, and its subsidiary Cleveland Iron Holdings Pty Ltd (“Iron Holdings”). PPCO and Platinum Long Term Growth VII LLC are owed approximately \$15.6 million, which is secured by a first priority security interest in all of Iron Holdings and Cleveland Mining's assets. PPCO also holds approximately 29.3 million shares of Cleveland Mining and approximately 50% of the equity of Iron Holdings. Cleveland Mining has a 50% joint venture interest in a gold mine located in Brazil, which is currently not operating. At this time, the Receiver understands that Cleveland Mining's subsidiary, Iron Holdings, has no assets of any value.

Since the Receiver's appointment, the Receivership Team has spent significant time analyzing the legal, financial and business issues relating to this investment. In addition, the management of Cleveland Mining has been litigious and has issued several demands addressed to the Receiver, including a challenge to PPCO's filed security interests in Australia, which have required responses. The Receiver retained local counsel in Perth, Australia to assist in

addressing the issues raised by Cleveland Mining, as well as a local financial advisor to assist in providing an independent review of Cleveland Mining's financial position. Cleveland Mining's financial position (*i.e.*, its solvency) and/or management's ability to raise capital, will ultimately determine what value, if any, Platinum will realize on this asset.

(o) **Clifford Chance/Excalibur** – refers to a litigation financing loan made by certain PPCO and PPVA entities to Excalibur Ventures LLC (“Excalibur”) in connection with litigation in the United Kingdom prosecuted on its behalf by Clifford Chance. Excalibur was unsuccessful and pursuant to British law, was required to pay the defendants' costs. In 2014, the Platinum entities involved in this loan asserted claims against Clifford Chance and one of its members in connection with the litigation. These claims were settled in 2015. Thereafter, Clifford Chance identified additional sums that had been received from Platinum and were still being held in its client accounts. After investigating potential causes of action associated with Clifford Chance's retention of these funds, the Receiver, along with the PPVA liquidator, determined to enter into a settlement with Clifford Chance whereby PPCO and PPVA recovered the entirety of the sums which had been held by Clifford Chance, totaling \$197,475, of which \$99,000 represented PPCO's share of the settlement.

During the Reporting Period, the Receivership Team analyzed the documentation associated with this loan, conferred with attorneys familiar with the applicable British laws, negotiated a settlement with Clifford Chance and agreed with PPVA on a division of the settlement proceeds.

(p) **Daybreak** - refers to a publicly held oil and gas company with assets in the San Joaquin Valley in California and in Montcalm County, Michigan. PPCO owns 99% of the membership interests and is the managing member of Maximilian Resources LLC

(“Maximilian”), which is owed approximately \$9.2 million from Daybreak on account of a senior loan, secured by Daybreak’s interest in two joint ventures via a senior secured real property mortgage. Conway MacKenzie has been asked to review this asset and provide the Receiver with disposition options.

During the Reporting Period, the Receivership Team worked with Conway MacKenzie to position this asset for marketing and sale. Conway MacKenzie and the Receivership Team are exploring all potential disposition options, and is open to a transaction with the insiders of the company, as well as strategic or investment buyers. The Michigan and California assets may be separately marketed and sold. Conway MacKenzie and Otterbourg attorneys have had conversations with the management teams for both the California and Michigan sites and are exploring all potential sale options to maximize recovery.

(q) **Desert Hawk** – refers to Desert Hawk Gold Corp. (“Desert Hawk”), a publicly reporting gold mining company. PPCO holds secured second-priority debt in Desert Hawk and owns securities convertible into 20% of the common equity of the company. Desert Hawk owns a pilot stage gold mine located in Gold Hill, Utah. This is a joint asset held with PPVA. Conway MacKenzie has been asked to review this asset and provide the Receiver with disposition options.

During the Reporting Period, the Receivership Team worked with Conway MacKenzie to consider disposition options and have had discussions with the members of Desert Hawk management regarding their investment of additional capital. The Receiver is close to finalizing a term sheet with such management and PPVA. The Receiver continues to discuss with Conway MacKenzie options for structuring the sale process and engaging with current management.

(r) **Greentown Oil Company** – refers to an investment in a company holding certain oil and gas assets located in the Paradox Basin in the state of Utah. Through Maximillian, a PPCO owned entity, PPCO holds a debt and equity interest in the company.

During the Reporting Period, the Receivership Team began working with Conway MacKenzie to better understand the complex legal, financial, regulatory and business issues relating to this investment. In connection therewith, the Receivership Team commenced an investigation into the receipt of certain insurance proceeds by a Greentown related entity that the Receiver believes were assigned to Maximilian and responded to a complaint filed by a third party against Maximillian in the U.S. District Court for the District of Nevada (Pacific Energy & Mining Company v. Maximillian Resources LLC, Case No. 17-cv-00363 (HDM)(VPC)). The Receiver is working with Conway MacKenzie to develop an overall resolution and disposition strategy.

(s) **LC Energy** – refers to LC Energy Holdings, LLC, the owner of the Goldstar Coal Mine in Green County, Indiana, which is wholly owned by PPCO. PPCO acquired its ownership interest in the mine in March 2014 in the bankruptcy case of In re Lily Group, Inc., Case No. 13-81073 (Bankr. S.D. Ind.). Following its acquisition of the mine, PPCO retained a third party mining contractor to assist it in putting the mine back into production. Through a combination of mismanagement and a downturn in coal prices, the contract miner never achieved tangible success with the property and was terminated.

Since the Receiver's appointment, the Receivership Team has been analyzing the legal, financial, regulatory and business issues relating to this investment and analyzing potential liabilities and options for disposition of the asset. The asset, to date, is an unproven mining investment. The Receiver is considering all options and, to that end, the Receivership Team has

had multiple conversations with the mining contractor regarding the mine and potential disposition. The Receiver Team also has had preliminary discussions with counsel for the Lily Group Official Committee of Unsecured Creditors, which has threatened claims against the Receiver Entities, including claims to claw back the asset into the Lily Group bankruptcy.

(t) **Northstar Offshore** – refers to PPCO’s interest in an oil and gas company that is currently a debtor-in-possession in a Chapter 11 bankruptcy case in the Southern District of Texas, In re Northstar Offshore Group, LLC, Case No. 16-34028 (the "Northstar Bankruptcy Case"). Prior to the Receivership, PPCO made a large investment in Northstar totaling nearly \$60 million, including: (a) approximately \$700,000 invested through a letter of credit facility; (b) \$28,000,000 of face value 12% Second Lien Notes; (c) a \$2,470,000 face value unsecured 12% note; and (d) over \$27,000,000 of face value Series A Preferred Equity Shares of Northstar Stock.

The Prior Receiver determined not to invest further in Northstar or to submit a bid for its assets in the bankruptcy case. During the Reporting Period, the Receivership Team analyzed the legal issues confronting the Receiver with regard to her exit of this position. As the pre-petition lender of this debtor, Otterbourg reviewed issues relevant to its position in the bankruptcy case, including equitable subordination, re-characterization and bankruptcy plan confirmation issues, in addition to a review and analysis of Northstar’s plan and disclosure statement, and conference calls with regards to threatened litigation in the bankruptcy case against PPCO. Otterbourg also prepared an objection to Northstar’s proposed disclosure statement and plan on the basis that Northstar was attempting to reserve claims against Platinum, which the Receiver argued was objectionable in view of the Receiver Order. The Receiver continues to follow the case to protect the Receivership Estate from any potential liability.

(u) **Pro Player** – refers to a Platinum entity that made loans to professional athletes, often at the beginning of their careers. A portfolio of these loans still has overdue outstanding balances owed to Pro Player by these athletes.

During the Reporting Period, the Receiver investigated the potential for pursuing collection of the outstanding loan balances. In addition, one of the borrower athletes filed a lawsuit seeking to have a confession of judgment previously filed against him by Pro Player set aside. That case is entitled Nicholas Harris v. Pro Player Funding LLC, Index No. 654965/2017, in the Supreme Court, State of New York, County of New York, and the deadlines in the case have been adjourned at the parties' request. The Receivership Team spent time during the Reporting Period analyzing the loan documents, communicating with counsel for the plaintiff, and investigating the current financial and professional statuses of the various borrowers. The Receiver is exploring her options with respect to each loan, taking into consideration the potential for collecting on the loan from the particular borrower based upon the research done by the Receivership Team. The Receiver will be making determinations concerning steps to collect on the each loan.

(v) **TARS** - refers to a \$6 million investment by a Platinum related entity in a *qui tam* action against a number of life insurance companies. The action was in its infancy and only a complaint had been filed, which had been pending since December 2010. Up until December 2017, the case documents were under seal. In November, the New York Attorney General determined not to prosecute the case; however, the plaintiff has decided to continue with the action.

During the Reporting Period, the Receivership Team worked with Houlihan Lokey to evaluate strategic alternatives with regards to this asset and the impact on the Attorney General's

decision not to prosecute the case, including participating in conference calls and in-person meetings with principals for the borrower and its counsel, and analyzing pleadings and other publicly available legal materials.

(w) **Urigen** - refers to PPCO's equity and debt interests in Urigen Pharmaceuticals, Inc., a specialty pharmaceutical company focused on the development and commercialization of products for urology indications.

Since the Receiver's appointment, the Receivership Team has analyzed the legal and business issues relating to this investment, addressing certain disputes regarding PPCO's status in the debt and equity structure of Urigen and negotiating with other entities in the capital structure for such entities to make further investments in the project. The Receiver advised management that she is not prepared to make further investments in this asset given the uncertainty of the project and alternative sources in the capital structure for investment other than by the Receiver. The Receivership Team had multiple conference calls and in-person conferences with the principals of Urigen, as well as PPVA, which also has an interest in the company. The Receiver continues to evaluate the projected value of this investment and an exit options.

IV. LIQUIDATED AND UNLIQUIDATED CLAIMS HELD BY THE ESTATE/INVESTIGATION OF TRANSACTIONS

The Receiver has not commenced any litigation or asserted any claims against third parties. Accordingly, the Receivership Estate has not received any litigation recoveries and, therefore, does not have any liquidated claims, nor does the Receivership Estate currently have any unliquidated asserted claims. The Receiver and her team, however, have begun to review and analyze potential causes of action against a number of parties and will be considering associated claims. The Receivership Team has prepared an action plan for a historical review of

Platinum's activities and flow of funds, which will assist the Receiver in analyzing both possible claims by the estate and claims that have or will be filed against the estate.

The Receiver at this time cannot state whether any actions will be commenced and, if commenced, the value of any claims and the likelihood and timing of collecting on any judgment or settlement that may ultimately be obtained. At the heart of the analysis will be a determination of the cost/benefit of asserting claims. Investigation and litigation are costly endeavors and the Receiver does not intend to expend material estate assets unless the Receiver has the necessary facts and information to assert a meritorious claim and has concluded there is a likelihood of recovering funds if liability is eventually found.

V. CLAIMS ANALYSIS

The Receiver has not yet initiated a formal claims bar date. Thus, no claims proceedings have yet been commenced. It is premature to determine how different types of claims or creditors will be treated, and the Receiver has not yet developed guidelines for how different investor or creditor claims will be treated or the method that will be used.

The Receiver is aware of several law firms that will likely have claims against the receivership estate on account of unpaid bills for services rendered prior to the commencement of the receivership case. In addition, the Receiver currently believes that there are 286 known investors. The aggregate net cash invested by investors in the Platinum Entities is approximately \$310,000,000. After conferring with the SEC, at this time, to protect the privacy of the investors, the Receiver is not filing with this Second Status Report a list of the names of each investor and the amount of such investor's net cash investment. The actual amount and value of the investors' claims is ultimately dependent upon the net recovery obtained on Receivership Property. The amount of "net cash invested" may be materially different than the amount ultimately received by the investor upon dissolution.

VI. RECOMMENDATIONS FOR CONTINUATION OR DISCONTINUATION OF RECEIVERSHIP

The Receiver believes that continuation of the receivership is in the best interests of the creditors and investors of the Platinum Entities. While the Platinum Entities could be liquidated in a bankruptcy proceeding, for the reasons stated in the Receiver's First Quarterly Status Report [Dkt. No. 288], the Receiver continues to believe that continuing with the orderly liquidation of the Platinum Entities in this receivership case provides much greater flexibility to achieve an equitable result for the investors who have been wronged here. To start over at this late date -- over a year into the receivership case and following the appointment of a second receiver six months into the case -- would be extremely time consuming and expensive. Importantly, it would disrupt the marketing and sales processes that are currently underway; ultimately reducing the recoveries to investors and other creditors as a result of added administrative expenses and prolonging the liquidation process.

VII. CONCLUSION

The Receiver cannot at this time state when she expects the case to be concluded. The Receiver expects that it will be several quarters before any distribution could be made to investors and creditors due to the complexity of Platinum's business operations and the Receiver's strategy of avoiding a "fire sale" of the diverse portfolio of assets. The Receiver is expeditiously working to position for sale and sell the assets and believes that the first half of

2018 will show significant progress in the monetization of assets, which will be reported upon in future status reports to the Court.

Dated: February 2, 2018

Otterbourg P.C.

By: /s/ Adam C. Silverstein
Adam C. Silverstein

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On Behalf of Melanie L. Cyganowski, as Receiver

EXHIBIT A

PLATINUM PARTNERS CREDIT OPPORTUNITIES MASTER FUND LP AND AFFILIATED ENTITIES**Schedule of Receipts and Disbursements**

	Period from 10/1/2017 to 12/31/2017			Cumulative Total from 7/7/2017 to 12/31/2017		
	PPCO	PPLO	Total	PPCO	PPLO	Total
Cash (Beginning of Period)	\$ 6,968,664	\$ 1,667,492	\$ 8,636,156	\$ 7,788,872	\$ 1,617,492	\$ 9,406,363
Receipts						
Business Income	-	-	-	-	-	-
Cash and Securities	-	-	-	-	-	-
Interest/Dividend Income	-	2,321	2,321	-	2,321	2,321
Business Asset Liquidation	11,415,765	75,638	11,491,403	22,509,493	125,638	22,635,132
Personal Asset Liquidation	-	-	-	-	-	-
Third-Party Litigation Income	-	-	-	-	-	-
Miscellaneous - Other	121,255	3,146	124,401	121,255	3,146	124,401
Total Receipts	\$ 11,537,020	\$ 81,105	\$ 11,618,126	\$ 22,630,749	\$ 131,105	\$ 22,761,854
Disbursements						
Disbursements to Investors/Claimants	-	-	-	-	-	-
Disbursements for Receivership Operations	-	-	-	-	-	-
Disbursements to Receiver or Other Professionals	(4,502,024)	-	(4,502,024)	(5,048,399)	-	(5,048,399)
Business Asset Expenses	(535,117)	-	(535,117)	(1,536,209)	-	(1,536,209)
Personal Asset Expenses	-	-	-	-	-	-
Investment Expenses	(3,447,612)	-	(3,447,612)	(13,814,081)	-	(13,814,081)
Third-Party Litigation Expenses	-	-	-	-	-	-
Tax Administrator Fees and Bonds	-	-	-	-	-	-
Federal and State Tax Payments	(67,142)	-	(67,142)	(67,142)	-	(67,142)
Disbursements for Distribution Expenses Paid by the Fund	-	-	-	-	-	-
Disbursements to Court/Other	-	-	-	-	-	-
Total Disbursements	\$ (8,551,895)	\$ -	\$ (8,551,895)	\$ (20,465,831)	\$ -	\$ (20,465,831)
Cash (End of Period)	\$ 9,953,790	\$ 1,748,597	\$ 11,702,387	\$ 9,953,790	\$ 1,748,597	\$ 11,702,387

EXHIBIT B

Receivership Property List

PPCO Assets

Asset Name	Asset Type
1) Abdala Tailings Project	10-Year Right to Mine Tailings
2) Acceleration Bay	Back-end proceeds from litigation
3) Activision TV, Inc.	Patent Portfolio
4) Agera Energy LLC	Preferred Stock
5) Alcor Energy Solutions, LLC	Seller's Note
6) ALS Capital Ventures, LLC	Life Settlements Portfolio
7) American Patriot Gold, LLC	Fee Ownership of Real Estate
8) Andrew McCarrell v. Hoffmann - La Roche Inc. and Roche Laboratories, Inc. (Accutane)	Litigation Finance Investment
9) Arabella Exploration Inc.	Loan Receivable
10) Azarga Uranium Corp.	Common Stock
11) Bahamas Properties	Ownership Interest
12) Buffalo Lake Advanced Biofuels LLC	1) Loan Receivable 2) Common Stock
13) Carbon Credits	Participations in PPVA deals
14) Celsius Resources Ltd	Common Stock
15) China Horizon Investment Group Ltd.	Loan Receivable
16) Claus Shelling Family Trust	Life Settlements Portfolio
17) Cleveland Mining Company Ltd.	1) Loan Receivable 2) Common Stock
18) Credit Card Receivables Portfolio	Loan Receivable
19) Daybreak Oil and Gas, Inc.	1) Term Loan 2) Warrants 3) 40% PPCO Ownership Interest in Belvidere Field in Michigan
20) Decision Diagnostics Corp.	Preferred Stock
21) Desert Hawk Gold Corp.	1) Loan Receivable 2) Common Stock
22) Elysium Resources Ltd	Common Stock
23) Environmental Service Professionals, Inc.	Common Stock
24) Genesis Resources	Common Stock

Receivership Property List

PPCO Assets

Company Name	Asset Description
25) Golden Gate Oil LLC	Notes Receivable
26) Greehey & Company	Loan Receivable
27) Greentown Oil Company, LLC	1) Secured Note 2) Unsecured Note
28) Grey K Environmental Fund II, L.P.	Investment in Closed-End Fund
29) Estate of William Davidson v. Deloitte Tax LLP	Litigation Finance Investment
30) Judah Perlstein	Loan Receivable
31) Katrina Barge Litigation Joint Venture, LLC	Proceeds from Litigation
32) Khorrami Pollard & Abir, LLP	Loan Receivable
33) LC Energy Operations LLP	1) Loan Receivable 2) Common Stock
34) Martin Kenney & Co. Ltd.	Supplemental Interest
35) Merlin Diamonds Limited	Common Stock
36) Millennium Healthcare, Inc.	Common Stock
37) MMP Resources Limited (f/k/a Sino Construction)	Common Stock
38) Montsant Partners LLC	Loan Receivable
39) Nisayon International Inc.	Loan Receivable
40) NJ Ethanol LLC	1) Class B Preferred Stock 2) Common Stock
41) Nordaq Energy Inc	1) Common Stock 2) Warrants
42) Over Everything LLC	1) Loan Receivable 2) Common Stock
43) Pedevco Corp	1) Loan Receivable 2) Common Stock
44) Pro Player Athletes	Loan Receivable
45) Rolling Acres of Stamford	Loan Receivable
46) Thomas Martin Family Trust	Life Settlements Portfolio
47) Total Asset Recovery Services, LLC (TARS)	Litigation Finance Investment
48) Urogen Pharmaceuticals, Inc.	1) Note Receivable 2) Preferred Stock
49) Xcell Energy Inc.	Loan Receivable
50) Yellow River	Common Stock

Receivership Property List

PPLO Assets

Company Name	Asset Description
1) Alcyone Resources Limited	Common Stock Note Receivable
2) Bang Holdings Corp.	Warrants
3) Black Elk Energy LLC	Note Receivable
4) Blink Car Charging (f/k/a Car Charging Group)	Common Stock
5) China Cablecom Holdings Ltd.	1) Common Stock 2) Preferred Stock
6) Echo Therapeutics, Inc.	1) Preferred Stock 2) Common Stock 3) Warrants
7) Misung Polytech	Loan Receivable
8) Navidea Biopharmaceuticals, Inc.	Common Stock
9) Ochre Group Holdings Limited	Common Stock
10) Range Resources Limited	Common Stock
11) Sun Resources NL	Options
12) Valley Forge	Common Stock
13) Wexford Petroleum Corporation	Common Stock
14) Woori Technology Inc.	Warrants

Receivership Property List

Jointly Held PCO / PPLO Assets

Company Name	Asset Description
1) Cokal Limited	1) Loan Receivable 2) Common Stock 3) Warrants
2) Copper Rider / Parot Tovot	1) Loan Receivable - Parot Tovot 2) Loan Receivable - Copper Rider
3) Infinity Augmented Realty, Inc.	1) Series A Preferred Stock 2) Series B Preferred Stock 3) Common Stock 4) Options
4) Northstar Offshore Group	1) Preferred Stock 2) Loan Receivable - Subordinated Debt 3) Loan Receivable - Line of Credit 4) Note
5) Platinum Partners Value Arbitrage Fund	Loan Receivable