

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

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SECURITIES AND EXCHANGE COMMISSION, :

Plaintiff, :

-v- :

No. 16-cv-6848 (DLI)(VMS)

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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**RECEIVER’S NOTICE OF ADOPTION OF, AND ADDENDUM TO,
APPLICATION TO RETAIN HOULIHAN LOKEY FINANCIAL ADVISORS, INC.**

Melanie L. Cyganowski, the duly appointed Receiver in this action, through her undersigned counsel, hereby provides notice that she is adopting the March 23, 2017 letter application of the prior receiver, Bart Schwartz, to retain and pay Houlihan Lokey Financial Advisors, Inc. (“*Houlihan*”) to provide valuation and investment banking services to allow for an independent valuation of the investment portfolios of Platinum Credit Management, L.P., Platinum Partners Credit Opportunities Master Fund LP, Platinum Partners Credit Opportunities Fund (TE) LLC, Platinum Partners Credit Opportunities Fund LLC, Platinum Partners Credit Opportunity Fund (BL) LLC, Platinum Liquid Opportunity Management (NY) LLC, and Platinum Partners Liquid Opportunity Fund (USA) L.P. (the “*Receivership Entities*”), Dkt. No. 111 (the “*Houlihan Application*”). In support of her adoption of, and addendum to the

Houlihan Application, the Receiver respectfully submits her declaration in support thereof (“*Rec’s Decl.*”), annexed hereto as Exhibit 1 and states as follows

1. Following her appointment as Receiver, the Receiver reviewed the Houlihan Application and agreement annexed thereto (the “*Agreement*”), and had multiple in person and telephonic meetings with members of the Houlihan team working on the engagement. *Rec’s Decl.* ¶4.

2. Houlihan advised the Receiver that it had been working on the Receivership Entities valuation project for several months and had completed valuing approximately two-thirds of the Receivership Entities’ investments, which represents approximately \$1 million in fees incurred by Houlihan under the Agreement. The Receiver was advised by Houlihan that given the necessity of the valuation work they were performing, they were working under the good faith belief that the Houlihan Application would be submitted to the Court and its retention would be approved. *Rec’s Decl.* ¶5.

3. Shortly prior to the resignation of the prior Receiver and in the absence of an order approving its retention, Houlihan ceased its valuation work. The Receiver was advised by Houlihan that it is approximately one month away from completing its valuation work and updating its valuations of previously reviewed investments. *Rec’s Decl.* ¶6.

4. Based upon her discussions with the Houlihan valuation team, the amount of time that has already been invested by Houlihan in the project, the imminence of its completion, the quality of the work that the Receiver has seen to date, the need for the valuations to formulate a plan to dispose of the majority of the Receivership Entities’ investments, and the time it would take to retain another firm to provide valuation services, the Receiver has concluded that it is in the best interests of the receivership estates to support the Houlihan Application. *Rec’s Decl.* ¶7.

5. The Receiver requested that Houlihan take a further discount on the fee arrangement agreed to in the Agreement. Houlihan agreed to a further accommodation and Houlihan and the Receiver have executed a letter addendum to the Agreement (the “*Addendum*”). Pursuant to the Addendum, Appendix A and Appendix B of the Agreement are replaced in their entirety with Appendix A and Appendix B attached to the Addendum. Appendix A sets forth a revised fee schedule and Appendix B includes additional investments that Houlihan will value. Under the revised fee schedule contained in Appendix A to the Addendum, Houlihan has agreed not to charge any fees for investments that it ultimately categorizes as having zero value, referred to as “Type Zero” investments. There are potentially nineteen, if not more, investments that will be categorized as Type Zero investments. It is the Receiver’s estimate that this will reduce the total fees payable to Houlihan under the Agreement by more than \$380,000 under the new Appendix A. Rec’s Decl. ¶8.

6. As a sign of good faith and in the interest of having Houlihan immediately resume its valuation work, upon the execution of the Addendum the Receiver has authorized payment to Houlihan of the \$200,000 retainer agreed to under the Agreement. Houlihan has agreed to immediately resume its work. If the Houlihan Application is approved by the Court, the Receiver intends to pay Houlihan an additional \$300,000 towards the work already performed and will continue to pay in increments the amounts due to Houlihan as the finances of the Receivership Entities permit in the Receiver’s reasonable business judgment. Rec’s Decl. ¶9.

7. For these reasons, the Receiver respectfully requests that as soon as practicable after the passage of seven (7) days of the date hereof, the Court enter an order in substantially the form annexed hereto as Exhibit 2, so as to allow Houlihan to continue its work on behalf of the Receivership Entities.

Dated: August 8, 2017

OTTERBOURG P.C.

By: /s/ Adam C. Silverstein

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