UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

IN RE PLATINUM BEECHWOOD LITIGATION,	No. 1:18-cv-06658-JSR
MELANIE L. CYGANOWSKI, AS RECEIVER, et al., Plaintiffs -v- BEECHWOOD RE LTD, et al., Defendants	No. 1:18-cv-12018-JS NOTICE OF MOTION
SENIOR HEALTH INSURANCE COMPANY OF PENNSYLVANIA Third-Party Plaintiff -v- PB INVESTMENT HOLDINGS, LTD., et al Third-Party Defendants	

SIRS:

PLEASE TAKE NOTICE that upon the attached memorandum of law and upon all the pleading and proceeding heretofore had herein, the third-party defendant Bernard Fuchs will move this court, Hon. Jed S. Rakoff, U.S.D.J., in courtroom 14 B, United States Courthouse, 500 Pearl Street, NY, NY 10007, as soon as counsel can be heard for an order pursuant to Rule 9(b) and 12(b)(6) of the Federal Rules of Civil Procedure dismissing the claims against him in the third-party complaint of Senior Health Insurance Company of Pennsylvania and for such other and further relief as this court may deem just and proper.

Answering papers are due on June 28, 2019 and reply papers are due on July 12, 2019. Oral argument

is scheduled for July 26, 2019 at 10:00 a.m.

Dated: Mountainside, NJ
June 14, 2019

Novak, Juhase & Stern

s/ Kim Steven Juhase
By: Kim Steven Juhase
Attorneys for the defendant Bernard Fuchs
200 Sheffield St., Suite 205
Mountainside, NJ 07092
908-233-0045

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

IN RE PLATINUM BEECHWOOD LITIGATION,	:	No. 1:18-cv-06658-JSR
MELANIE L. CYGANOWSKI, AS RECEIVER, et al.,	:	No. 1:18-cv-12018-JS
Plaintiffs	:	
-v-	:	
BEECHWOOD RE LTD, et al.,	:	**AFFIRMATION**
	:	**IN SUPPORT OF MOTION**
Defendants	:	**TO DISMISS**
SENIOR HEALTH INSURANCE COMPANY OF PENNSYLVANIA	:	
Third-Party Plaintiff	:	
-v-	:	
PB INVESTMENT HOLDINGS, LTD., et al	:	
Third-Party Defendants	:	:

Kim Steven Juhase, declares under penalty of perjury that the following is true and correct.

1. I am the attorney for the Third Party Defendant Bernard Fuchs.

2. I make this affirmation in support of his motion to dismiss the claims against him in the Third Party Complaint of Senior Health Insurance Company of Pennsylvania.

3. Attached hereto as Exhibit A is the redacted copy of the Third Party Complaint.

4. The reason nothing has been redacted from Fuchs' motion papers is that it only refers to those parts of the third party complaint that were not redacted.

Dated: June 14, 2019

s/ Kim Steven Juhase
Attorney for the Third Party
Defendant Bernard Fuchs
200 Sheffield St., Suite 205
Mountainside, NJ 07092
908-233-0045

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

IN RE PLATINUM BEECHWOOD LITIGATION,	:	No. 1:18-cv-06658-JSR
MELANIE L. CYGANOWSKI, AS RECEIVER, et al.,	:	No. 1:18-cv-12018-JS
Plaintiffs	:	
-v-	:	
BEECHWOOD RE LTD, et al.,	:	
Defendants	:	
SENIOR HEALTH INSURANCE COMPANY OF PENNSYLVANIA	:	
Third-Party Plaintiff	:	
-v-	:	
PB INVESTMENT HOLDINGS, LTD., et al	:	
Third-Party Defendants	:	:

THIRD PARTY DEFENDANT BERNARD FUCHS' MEMORANDUM OF LAW IN SUPPORT OF MOTION TO DISMISS THE THIRD PARTY COMPLAINT

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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

IN RE PLATINUM BEECHWOOD LITIGATION,	No. 1:18-cv-06658-JSR
MELANIE L. CYGANOWSKI, AS RECEIVER, et al., Plaintiffs -v- BEECHWOOD RE LTD, et al., Defendants	No. 1:18-cv-12018-JS **MEMORANDUM OF LAW IN SUPPORT OF MOTION TO DISMISS**
SENIOR HEALTH INSURANCE COMPANY OF PENNSYLVANIA Third-Party Plaintiff -v- PB INVESTMENT HOLDINGS, LTD., et al Third-Party Defendants	

This memorandum of law is submitted on behalf of third party defendant Bernard Fuchs's (Fuchs) motion to dismiss the third party complaint of defendant Senior Health Insurance Company of Pennsylvania (SHIP).

The plaintiff's First Amended Complaint alleges that SHIP was intimately involved in the alleged Platinum Management-Beechwood fraud. SHIP now brings this third party action against Fuchs and apparently anyone who had even the slightest connection with either Platinum or Beechwood claiming that all the third party defendants fraudulently mislead them. However, the broad claims made in its third party complaint, especially against Fuchs are not legally sufficient.

SHIP does not allege that Fuchs ever made any affirmative misrepresentations to it. Instead, it holds Fuchs liable for his alleged silence regarding SHIP's investments. The third party complaint does not sufficiently allege that Fuchs had an individual duty to disclose.

The third party complaint alleges Fuchs and many others were co-conspirators and insiders. Third Party Complaint (TPC) Para. 1, fn. 3, para. 29, fn. 16. Almost every allegation in the third party complaint alleges that the co-conspirators and/or insiders as a group caused SHIP harm, yet specific references to Fuchs are few. It is not alleged that he conceived the alleged conspiracy. SHIP admits that Fuchs had no official title. TPC, para. 46. He was never a member of Platinum Management's valuation or risk committee. TPC, para. 327, 328. The major allegations against him are that he was a direct or indirect holder of ownership interests in Platinum Management, was involved in meetings with attorneys and potential investors relating to the operation of PPVA "and various transactions covering SHIP" without stating what they were. TPC, para. 46. There is no allegation that he even spoke to any representatives of SHIP. The TPC alleges only that he was involved in the day to day operations of PPVA, developed business and investment strategy for PPVA and had actual knowledge of all aspects of Platinum-Beechwood scheme and took unspecified steps to further it. TPC, para. 46. There is no allegation that Fuchs had any connection with Beechwood.

As for specific actions, it is alleged that the Platinum insiders caused SHIP to invest in two promissory notes with China Horizon Investment Group. Fuchs was alleged to be a member of China's Board of Directors. In another instance, SHIP was caused by the Platinum insiders to buy a promissory note from Kennedy Sobli Consultants, a company owned by Bernard Fuchs which was personally guaranteed by him. TPC, para. 240 (e), (f). Yet there are no allegations that the

loans were not paid back with interest or that SHIP suffered any harm from these transactions. That is it as regards Fuchs.

The TPC claims against Fuchs are contained in Count One, Aiding and Abetting Fraud, Count Two, Aiding and Abetting Breach of Fiduciary Duty, Count Five, Civil Conspiracy and Count Seven, Unjust Enrichment. None of the allegations in the TPC are sufficient to make a cause of action for any of these counts.

POINT I

THE TPC FAILS TO STATE A CAUSE OF ACTION FOR AIDING AND ABETTING FRAUD

In order to plead a cause of action for aiding and abetting fraud, the plaintiff must allege 1) that there was an underlying fraud; 2) that the aiding and abetting defendant had actual knowledge of that fraud and 3) that the defendant provided substantial assistance to its commission and such facts must be pled in compliance with F.R.C.P. 9(b). *Krys v. Pigott*, 749 F.3rd 117, 127 (2nd Cir. 2014). Although the court must accept factual statements in the TPC as true for purposes of this motion, it is not required to credit mere conclusory statements or threadbare recitals of the elements of the cause of action. *SPV Osus Ltd v. AIA LLC*, 2016 WL 3039192 at *6 (S.D.N.Y. 2016) *aff'd sub nom SPV Osus Ltd v. UBS AG*, 882 F.3rd 333 (2nd Cir. 2018). "Legal conclusions masquerading as factual conclusions will not suffice." *Id. quoting Achtman v. Kirby, McInterney & Squire, LLP.*, 464 F.3rd 328, 337 (2nd Cir. 2006).

"The actual knowledge requirement is subjective and requires that the defendant actually knew of the fraudulent scheme, "not mere notice of unreasonable awareness." *Samuel M. Feinberg Testamentary Trust v. Carter*, 652 F.Supp. 1066, 1082 (S.D.N.Y. 1987). A high degree of scienter is necessary. Conclusory allegations in the complaint that defendant "knew or should have known"

of the fraud without specific facts are not sufficient. *VFP Investment I LLC v. Foot Locker, Inc.,*147 A.D.3rd 491, 492-93 (1st Dep't 2017).

It is not enough to merely plead that the fraudulent statements were made with the knowledge, consent, authority or assistance of the aiding and abetting defendant. The plaintiff must show how each defendant came to know that a statement misrepresented the facts and merely being a board member or officer of a business does not give rise to a reasonable inference that he participated in the fraud or assisted in it. *RKA Film Financing, LLC v. Kavanaugh*, 162 A.D.3rd 418, 418-19 (1st Dep't 2018); *Northern Valley Partners LLC v. Jenkins*, 23 Misc.3rd 112 (A), 2009 WL 105816 at *5 (Sup. Ct., N.Y. Co., April 14, 2009). Red flags alone are not sufficient to show actual knowledge. *Rosner v. Bank of China,* 349 F. App'x 637, 638-39 (2nd Cir. 2009); *Chemtex, LLC v. St. Anthony Enters., Inc.*, 490 F.Supp. 2nd 536, 547 (S.D.N.Y. 2007)

In this case, SHIP merely alleges that due to Fuchs' close relationship with Platinum Management and holding ownership interests, he actually knew of the fraud. There is nothing in the TPC as to how Fuchs came to know this. Mere association with alleged wrongdoers are not enough.

"Substantial assistance occurs when a defendant affirmatively assists, helps conceal or fails to act when required to do so, thereby enabling the breach to occur. However, the mere inaction of an alleged aider and abettor constitutes substantial assistance only if the defendant owes a fiduciary duty directly to the plaintiff." *Lerner v Fleet Bank, N.A.*, 459 F3d 273, 295 (2d Cir 2006). It is necessary that the plaintiff alleges that the actions of the aider/abettor proximately caused the harm on which primary liability is predicated. *SPV Osus Ltd. V. UBS AG,* 882 F.3rd 333, 345 (2nd Cir. 2018). At the most, SHIP is pleading but-for causation which is not enough. *Id.* at 346. SHIP is alleging that due to the third party defendants unrevealed self-

dealings and misrepresentation of the value of PPVA and Beechwood, the fraudulent scheme would have collapsed much sooner and SHIP would not have suffered as much as they did. This is not sufficient. As for Fuchs, SHIP alleges no conduct on this part that could in any way be considered as proximately causing their losses. There is no allegation that Fuchs concealed his relationship to China Horizon or the loans to Kennedy Sobli Consultants. He was never a member of Platinum's Valuation or Risk committees so any input into them could not have proximately caused any alleged fraud. There is no allegation that Fuchs ever arranged for false or inflated statements to be issued. Any statements he allegedly made to encourage investors or regarding the redemption of their investments were never made to any representatives of SHIP. Anything Fuchs did could not in any way have proximately caused SHIP's damages.

POINT II

THE TPC FAILS TO STATE A CAUSE OF ACTION FOR AIDING AND ABETTING BREACH OF FIDUCIARY DUTY

In order to plead a cause of action for aiding and abetting a breach of fiduciary duty the plaintiff must allege (1) a breach by a fiduciary of obligations to another, (2) that the defendant knowingly induced or participated in the breach, and (3) that plaintiff suffered damage as a result of the breach. *SPV Osus Ltd. V. UBS AG*, 882 F.3rd 333, 345 (2nd Cir. 2018). It must be alleged that the aider and abettor had actual knowledge of the breach of duty and that he provided substantial assistance to the primary violator. *Id.* The elements are substantially similar to that of aiding and abetting a fraud. *Id.*

As pointed out in Point I, the TPC does not contain sufficient allegations that Fuchs had actual knowledge of any breach of duty or that he provided substantial assistance. He never solicited SHIP to invest nor advised them of their investments.

POINT III

THE TPC FAILS TO STATE A CAUSE OF ACTION FOR CIVIL CONSPIRACY

There is no independent cause of action for civil conspiracy. *Reich v. Lopez*, 38 F.Supp.3rd 436, 460 (S.D.N.Y. 2014). It is merely a string allowing a plaintiff to tie together those defendants who, acting in concert, may be responsible for plaintiff's damages. *Id.* In addition, the civil conspiracy claim must be dismissed since it is duplicative of their aiding and abetting claims. *380544 Canada, Inc. v. Aspen Tech., Inc.,* 633 F.Supp.2nd 15, 36 (S.D.N.Y. 2009).

Even if the court does not wish to dismiss this count on the above grounds, it should do so since it is based on the same grounds as the aiding and abetting claims.

POINT IV

THE TPC FAILS TO STATE A CAUSE OF ACTION FOR UNJUST ENRICHMENT

In order to make a *prima facie* case for unjust enrichment, the plaintiff must plead 1) defendant was enriched, 2) at plaintiff's expense, and 3) equity and good conscience mitigate against permitting defendant to retain what plaintiff is seeking to recover. *Briarpatch Ltd., L.P. v. Phoenix Pictures, Inc.*, 373 F.3rd 296, 306 (2nd Cir. 2004). The existence of a contract governing the subject matter of the plaintiff's claims, even if the individual defendant did not sign it, bars an unjust enrichment claim. *Law Deb. V. Maverick Tube Corp.,* 2008 WL 4615896, at *12-13 (S.D.N.Y. Oct. 15, 2008), *aff'd sub nom*, *Law Deb. Tr. Co. of NY v. Maverick Tube Corp.*, 595 F.3rd 458 (2nd Cir. 2010). It is available only in unusual circumstances where, although the defendant has not breached a contract nor committed a recognizable tort, "circumstances create an equitable obligation running from the defendant to the plaintiff." *Corsello v. Verizon New York, Inc.*, 18 N.Y.3rd 777, 790 (2012). It is not available where it "simply duplicates, or replaces, a

conventional contract or tort claim." *Id. See, Marini v. Adamo*, 644 Fed. Appx 33, 35-36 (2nd Cir. 2016).

While imprecise group pleadings might be allowed for some causes of action, it is fatal for an unjust enrichment claim. The plaintiff must plead how each individual defendant specifically profited at plaintiff's expense. *Gillespie v. St. Regis Residence Club,* 343 F.Supp. 3rd 332, 351-53 (S.D.N.Y. 2018). In this case, SHIP's claim is that "the Co-Conspirators", none specifically named, received the proceeds of unearned performance fees or monies earned from transactions favoring Beechwood or Platinum's interests over SHIP's. TPC, para. 464. There is nothing in TPC as to how Fuchs profited from all this other than having some ownership interest in Platinum Management.

The TPC states that SHIP entered into a series of Investment Management Agreements with Beechwood, BAM and BBIL. While $270 million was invested through the IMAs, SHIP claimed that another $50 million was entrusted outside the IMAs but it was invested based on representations "memorialized in the IMAs themselves". TPC, para. 232. Its claims against the defendants are based not only on fraud (a tort) but also breach of contract. Its unjust enrichment claim just duplicates these claims and should be dismissed.

CONCLUSION

Defendant Bernard Fuchs respectfully requests that the Court enter an order dismissing with prejudice all of the claims asserted against him in the Third Party Complaint and granting him such other and further relief as this Court deems just and proper.

Dated: June 14, 2019

Novak, Juhase & Stern

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Kim Steven Juhase

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EXHIBIT A

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UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

IN RE PLATINUM-BEECHWOOD LITIGATION	Master Docket No. 1:18-cv-6658-JSR
SENIOR HEALTH INSURANCE COMPANY OF PENNSYLVANIA, Plaintiff, v. BEECHWOOD RE LTD., et al., Defendants.	Case No. 1:18-cv-06658 (JSR)
MARTIN TROTT and CHRISTOPHER SMITH, as Joint Official Liquidators and Foreign Representatives of PLATINUM PARTNERS VALUE ARBITRAGE FUND L.P. (in Official Liquidation) and PLATINUM PARTNERS VALUE ARBITRAGE FUND L.P. (in Official Liquidation), Plaintiffs, v. PLATINUM MANAGEMENT (NY) LLC, et al., Defendants.	Case No. 1:18-cv-10936 (JSR)

MELANIE L. CYGANOWSKI, AS RECEIVER, BY AND FOR PLATINUM PARTNERS CREDIT OPPORTUNITIES MASTER FUND LP, PLATINUM PARTNERS CREDIT OPPORTUNITIES FUND (TE) LLC, PLATINUM PARTNERS CREDIT OPPORTUNITIES FUND LLC, PLATINUM PARTNERS CREDIT OPPORTUNITIES FUND INTERNATIONAL LTD., PLATINUM PARTNERS CREDIT OPPORTUNITIES FUND INTERNATIONAL (A) LTD., and PLATINUM PARTNERS CREDIT OPPORTUNITIES FUND (BL) LLC, Plaintiffs, v. BEECHWOOD RE LTD., et al., Defendants.	Case No. 1:18-cv-12018 (JSR)
SENIOR HEALTH INSURANCE COMPANY OF PENNSYLVANIA, Crossclaimant, v. BEECHWOOD RE LTD., B ASSET MANAGER LP, B ASSET MANAGER II LP, BEECHWOOD RE HOLDINGS, INC., BEECHWOOD BERMUDA LTD., BEECHWOOD BERMUDA INTERNATIONAL LTD., BEECHWOOD BERMUDA INVESTMENT HOLDINGS, LTD., BAM ADMINISTRATIVE SERVICES LLC, FEUER FAMILY TRUST, and TAYLOR-LAU FAMILY TRUST, Crossclaim Defendants.	

SENIOR HEALTH INSURANCE COMPANY OF PENNSYLVANIA,

Third-Party Plaintiff,

v.

PB INVESTMENT HOLDINGS LTD., BEECHWOOD CAPITAL GROUP, LLC, B ASSET MANAGER GP LLC, B ASSET MANAGER II GP LLC, MSD ADMINISTRATIVE SERVICES LLC, PLATINUM MANAGEMENT (NY) LLC, N MANAGEMENT LLC, MARK NORDLICHT, MURRAY HUBERFELD, DAVID BODNER, ESTATE OF URI LANDESMAN, NAFTALI MANELA, JOSEPH SANFILIPPO, DANIEL SMALL, ELLIOT FEIT, DAVID STEINBERG, EZRA BEREN, DAVID OTTENSOSER, WILL SLOTA, BERNARD FUCHS a/k/a BERISH FUCHS, DANIEL SAKS, HOKYONG KIM a/k/a STEWART KIM, BEECHWOOD TRUST NO. 1, BEECHWOOD TRUST NO. 2, BEECHWOOD TRUST NO. 3, BEECHWOOD TRUST NO. 4, BEECHWOOD TRUST NO. 5, BEECHWOOD TRUST NO. 6, BEECHWOOD TRUST NO. 7, BEECHWOOD TRUST NO. 8, BEECHWOOD TRUST NO. 9, BEECHWOOD TRUST NO. 10, BEECHWOOD TRUST NO. 11, BEECHWOOD TRUST NO. 12, BEECHWOOD TRUST NO. 13, BEECHWOOD TRUST NO. 14, BEECHWOOD TRUST NO. 15, BEECHWOOD TRUST NO. 16, BEECHWOOD TRUST NO. 17, BEECHWOOD TRUST NO. 18, BEECHWOOD TRUST NO. 19, BEECHWOOD TRUST NO. 20 a/k/a THE DAVID I LEVY BEECHWOOD TRUST, BEECHWOOD ASSET MANAGEMENT TRUST I, BEECHWOOD ASSET MANAGEMENT TRUST II, BEECHWOOD RE INVESTMENTS, LLC SERIES A, BEECHWOOD RE INVESTMENTS, LLC SERIES B, BEECHWOOD RE INVESTMENTS, LLC SERIES C, BEECHWOOD RE INVESTMENTS, LLC SERIES D, BEECHWOOD RE INVESTMENTS, LLC SERIES E, BEECHWOOD RE INVESTMENTS, LLC SERIES F, BEECHWOOD RE INVESTMENTS, LLC SERIES G, BEECHWOOD RE INVESTMENTS, LLC SERIES H, BEECHWOOD RE INVESTMENTS, LLC SERIES I, ROAD HOLDINGS, LLC, LAWRENCE PARTNERS, LLC, MONSEY EQUITIES, LLC, WHITESTAR LLC, WHITESTAR LLC II, WHITESTAR LLC III,

PLATINUM CREDIT HOLDINGS, LLC, MARK NORDLICHT GRANTOR TRUST, DAHLIA KALTER, MICHAEL JOSEPH NORDLICHT, KEVIN CASSIDY, BEECHWOOD GLOBAL DISTRIBUTION TRUST, FEUER FAMILY 2016 ACQ TRUST, and TAYLOR-LAU FAMILY 2016 ACQ TRUST,

Third-Party Defendants.

ANSWER OF SENIOR HEALTH INSURANCE COMPANY OF PENNSYLVANIA AND FUZION ANALYTICS, INC. AND CROSSCLAIMS, AND THIRD-PARTY COMPLAINT OF SENIOR HEALTH INSURANCE COMPANY OF PENNSYLVANIA

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Defendants Senior Health Insurance Company of Pennsylvania ("SHIP") and Fuzion Analytics, Inc. ("Fuzion") hereby respond to the first amended complaint dated March 29, 2019 (the "FAC") [ECF No. 207], filed in this action by Melanie L. Cyganowski, as Equity Receiver for Platinum Partners Credit Opportunities Master Fund LP, Platinum Partners Credit Opportunities Fund (TE) LLC, Platinum Partners Credit Opportunities Fund LLC, Platinum Partners Credit Opportunities Fund International Ltd., Platinum Partners Credit Opportunities Fund International (A) Ltd., and Platinum Partners Credit Opportunities Fund (BL) LLC (the "Receiver").

ANSWER

1. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 1 except to deny that they have engaged in any "unlawful or tortious acts."

2. SHIP and Fuzion admit the allegations in Paragraph 2 except to deny that either of them were a participant in the "massive fraud [] orchestrated by certain of the Platinum Fund insiders."

3. SHIP and Fuzion admit the allegations in Paragraph 3.

4. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 4 except to admit that Beechwood was created in or around 2013 because Platinum needed capital to continue its scheme.

5. SHIP and Fuzion admit the allegations in Paragraph 5 except to the extent the allegations attempt to characterize the content of a document that speaks for itself.

6. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 6 except to admit that BAM I, BBIL, and Beechwood Re

have withdrawn over $30 million in claimed performance fees from SHIP's account premised, in part, on assets those entities held on SHIP's behalf in the Platinum Funds and in overvalued portfolio companies.

7. SHIP and Fuzion deny the allegations in Paragraph 7, which attempt to paraphrase the contents of Complaints previously filed in these Consolidated Actions and which speak for themselves. SHIP and Fuzion specifically deny that they substantially assisted with or participated in any way in any fraud or breach of fiduciary duties to the PPCO funds.

8. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 8 regarding CNO's actions. Responding to the allegations in Paragraph 8 regarding SHIP: SHIP admits that it is a long-term care insurer in run-off; SHIP admits that it entered into three investment management agreements with Beechwood entities as a means of earning a guaranteed rate of return on a small portion of its investment portfolio; SHIP denies that it expected to receive capital support from Beechwood; SHIP admits that it executed a surplus note for $50 million with Beechwood Re Investments, LLC ("BRILLC") in February 2015. SHIP denies that Fuzion is "SHIP's manager" and denies the remaining allegations in Paragraph 8.

9. SHIP and Fuzion deny the allegations in Paragraph 9 relating to SHIP. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 9 that relate to BCLIC or WNIC.

10. SHIP and Fuzion deny the allegations in Paragraph 10 relating to SHIP. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 10 that relate to BCLIC or WNIC.

11. SHIP and Fuzion deny the allegations in Paragraph 11 relating to SHIP. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 11 that relate to BCLIC or WNIC.

12. The allegations in Paragraph 12 assert a legal conclusion to which no response is required. To the extent a response is deemed required, SHIP denies the allegations in Paragraph 12.

13. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 13 relating to them except to deny that it has ever engaged in any transaction to "steal for" or "steal from" the PPCO Funds. SHIP and Fuzion admit that Beechwood and Platinum were not working in the best interests of the companies they were obligated to serve.

14. The allegations in Paragraph 14 assert legal conclusions to which no response is required. To the extent a response is deemed required, SHIP denies the allegations in Paragraph 14.

15. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 15, except to deny that actions of SHIP or Fuzion damaged the PPCO Funds.

16. The allegations in Paragraph 16 assert legal conclusions to which no response is required. To the extent a response is deemed required, SHIP denies the allegations in Paragraph 16.

17. SHIP and Fuzion admit the allegations in Paragraph 17.

18. SHIP and Fuzion admit the allegations in Paragraph 18.

19. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 19, except to the extent that Paragraph 19 purports to paraphrase the contents of the criminal indictments, which are documents that speak for themselves. SHIP and Fuzion deny the allegations in Paragraph 19 to the extent they mischaracterize the criminal indictments.

20. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 20, except to the extent that Paragraph 20 purports to paraphrase the contents of the complaint filed in the Receivership Action, which is a document that speaks for itself. SHIP and Fuzion deny the allegations in Paragraph 20 to the extent they mischaracterize the contents of the complaint filed in the Receivership Action .

21. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 21.

22. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 22.

23. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 23, except to the extent that Paragraph 23 purports to paraphrase the contents of the Receivership Order, as that term is defined in the First Amended Complaint, which is a document that speaks for itself. SHIP and Fuzion deny the allegations in Paragraph 23 to the extent they mischaracterize the Receivership Order.

24. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 24.

25. SHIP and Fuzion admit that Cyganowski is the Receiver for the Receivership Entities but deny that she has standing to assert all claims on behalf of those entities.

26. SHIP and Fuzion admit the allegations in Paragraph 26.

27. SHIP and Fuzion admit the allegations in Paragraph 27.

28. SHIP and Fuzion admit the allegations in Paragraph 28.

29. SHIP and Fuzion admit the allegations in Paragraph 29.

30. SHIP and Fuzion admit the allegations in Paragraph 30.

31. SHIP and Fuzion admit the allegations in Paragraph 31.

32. SHIP and Fuzion admit the allegations in Paragraph 32.

33. SHIP and Fuzion admit the allegations in Paragraph 33.

34. SHIP and Fuzion admit the allegations in Paragraph 34.

35. SHIP and Fuzion admit the allegations in Paragraph 35.

36. SHIP and Fuzion admit the allegations in Paragraph 36.

37. SHIP and Fuzion admit the allegations in Paragraph 37.

38. SHIP and Fuzion admit the allegations in Paragraph 38.

39. SHIP and Fuzion admit the allegations in Paragraph 39.

40. SHIP and Fuzion admit the allegations in Paragraph 40.

41. SHIP and Fuzion admit the allegations in Paragraph 41.

42. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 42.

43. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 43.

44. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 44.

45. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 45.

46. Paragraph 46 of the First Amended Complaint does not contain any factual allegations to which a response is necessary as it merely defines a group of Beechwood related entities. To the extent a response is deemed required, SHIP and Fuzion admit the allegation in Paragraph 46.

47. SHIP and Fuzion admit the allegation in Paragraph 47.

48. SHIP and Fuzion admit the allegation in Paragraph 48.

49. Paragraph 49 of the First Amended Complaint does not contain any factual allegations to which a response is necessary as it merely defines a group of Individual Defendants related entities. To the extent a response is deemed required, SHIP and Fuzion admit the allegation in Paragraph 49.

50. SHIP and Fuzion admit the allegation in Paragraph 50.

51. SHIP and Fuzion admit the allegation in Paragraph 51.

52. SHIP and Fuzion admit the allegation in Paragraph 52.

53. SHIP and Fuzion admit the allegation in Paragraph 53.

54. SHIP and Fuzion admit the allegation in Paragraph 54.

55. SHIP and Fuzion admit the allegation in Paragraph 55.

56. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 56.

57. SHIP and Fuzion admit the allegation in Paragraph 57.

58. SHIP and Fuzion admit the allegation in Paragraph 58.

59. SHIP and Fuzion admit the allegation in Paragraph 59.

60. SHIP and Fuzion admit the allegation in Paragraph 60.

61. The allegations in Paragraph 61 assert a legal conclusion to which no response is necessary. To the extent a response is deemed necessary, SHIP and Fuzion admit that this Court has subject matter jurisdiction over the claims asserted in the First Amended Complaint, except that SHIP and Fuzion deny that the Receiver has subject matter jurisdiction to bring claims against them for injuries to investors in the PPCO Funds, as set forth in greater detail in the motion to dismiss filed in this action by SHIP and Fuzion.

62. The allegations in Paragraph 62 assert legal conclusions to which no response is necessary. To the extent a response is deemed necessary, SHIP and Fuzion admit that this Court has supplemental jurisdiction over the claims asserted in the First Amended Complaint.

63. The allegations in Paragraph 63 assert legal conclusions to which no response is necessary. To the extent a response is deemed necessary, SHIP and Fuzion deny that this Action is ancillary to the Receivership Action.

64. The allegations in Paragraph 63 assert legal conclusions to which no response is necessary. To the extent a response is deemed necessary, SHIP and Fuzion admit the allegations in Paragraph 64.

65. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 65.

66. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 66, except to the extent that Paragraph 66 purports to paraphrase the contents of documents that speak for themselves. SHIP and Fuzion deny the allegations in Paragraph 66 to the extent they mischaracterize the documents referenced in that Paragraph.

67. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 657

68. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 68.

69. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 69.

70. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 70.

71. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 71.

72. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 72.

73. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 73.

74. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 74.

75. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 75.

76. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 76.

77. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 77.

78. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 78.

79. The allegations in Paragraph 79 assert a legal conclusion to which no response is required. To the extent a response is deemed necessary, SHIP and Fuzion knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 79.

80. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 80.

81. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 81.

82. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 82.

83. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 83.

84. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 84.

85. SHIP and Fuzion admit the allegations in Paragraph 85.

86. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 86.

87. SHIP and Fuzion admit the allegations in Paragraph 87.

88. SHIP and Fuzion admit the allegations in Paragraph 88.

89. SHIP and Fuzion admit the allegations in Paragraph 89.

90. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 90, including subparts (i) through (v).

91. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 91.

92. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 92.

93. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 93.

94. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 94.

95. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 95.

96. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 96.

97. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 97.

98. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 98.

99. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 99.

100. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 100, except to the extent that Paragraph 100 purports to paraphrase the contents of documents that speak for themselves. SHIP and Fuzion deny the allegations in Paragraph 100 to the extent they mischaracterize the correspondence referenced in that Paragraph.

101. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 101.

102. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 102, except to the extent that Paragraph 102 purports to paraphrase the contents of documents that speak for themselves. SHIP and Fuzion deny the allegations in Paragraph 102 to the extent they mischaracterize the documents referenced in that Paragraph.

103. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 103.

104. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 104.

105. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 105.

106. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 106, except to the extent that Paragraph 106 purports to paraphrase the contents of documents that speak for themselves. SHIP and Fuzion deny the allegations in Paragraph 106 to the extent they mischaracterize the correspondence referenced in that Paragraph.

107. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 107, except to the extent that Paragraph 107 purports to paraphrase the contents of pleadings in the Consolidated Actions that speak for themselves. SHIP and Fuzion deny the allegations in Paragraph 107 to the extent they mischaracterize the pleadings referenced in that Paragraph.

108. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 108, except to the extent that Paragraph 108 purports to paraphrase the contents of pleadings in the Consolidated Actions that speak for themselves. SHIP and Fuzion deny the allegations in Paragraph 108 to the extent they mischaracterize the pleadings referenced in that Paragraph.

109. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 109.

110. SHIP and Fuzion admit the allegations in Paragraph 110.

111. SHIP and Fuzion admit the allegations in Paragraph 111.

112. SHIP and Fuzion deny that Beechwood made no effort to hide its deep ties to the Platinum Funds from SHIP and Fuzion. With respect to the allegations in subparts (i) through (viii):

i. SHIP and Fuzion admit that Beechwood marketed Levy to SHIP as a member of its management team and made reference to his previous experience at Platinum

ii. SHIP and Fuzion admit the allegation in Paragraph 112(ii) but deny that this information was ever disclosed to SHIP or Fuzion.

iii. SHIP and Fuzion admit the allegation in Paragraph 112 (iii) but deny that Mr. Saks' prior experience at Platinum was disclosed to SHIP or Fuzion.

iv. SHIP and Fuzion admit the allegation in Paragraph 112 (iv) but deny that this information was ever disclosed to SHIP or Fuzion.

v. SHIP and Fuzion admit the allegation in Paragraph 112 (v) but deny that this information was ever disclosed to SHIP or Fuzion.

vi. SHIP and Fuzion admit the allegation in Paragraph 112 (vi) but deny that this information was ever disclosed to SHIP or Fuzion.

vii. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 112 (vii).

viii. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 112 (viii).

113. SHIP and Fuzion deny the allegations in Paragraph 113.

114. Paragraph 114 offers a generic description of the long term care insurance market and does not include any factual allegations specific to SHIP or Fuzion such that SHIP and Fuzion do not have an obligation to respond to this Paragraph. To the extent SHIP and Fuzion have any obligation to respond to Paragraph 114, SHIP and Fuzion deny the allegations included in Paragraph 114 and deny that any of SHIP's long term care policies were "underwritten with faulty assumptions."

115. Paragraph 115 offers a generic description of reinsurance transactions in the long term care insurance market and does not include any factual allegations specific to SHIP or Fuzion such that SHIP and Fuzion do not have an obligation to respond to this Paragraph. To the extent SHIP and Fuzion have any obligation to respond to Paragraph 115, SHIP and Fuzion deny the allegations included in Paragraph 115 because the generic description does not apply uniformly to all reinsurance transactions in the long term care insurance market. SHIP and Fuzion also deny the characterization of Beechwood as SHIP's "white knight" and deny that Beechwood was not likely to entice business from other insurers.

116. SHIP and Fuzion deny knowledge or information sufficient to form a believe as to the truth of the allegations regarding CNO's alleged desire to find ways to mitigate its exposure to long-term care policies. SHIP and Fuzion admit the remaining allegations in Paragraph 116.

117. SHIP and Fuzion deny that SHIP relied heavily on CNO for its liquidity needs and deny that SSHI was "SHIP's predecessor under CNO." SHIP did not have a predecessor. SHIP and Fuzion admit the remaining allegations in Paragraph 117.

118. SHIP and Fuzion admit the allegations in Paragraph 118.

119. SHIP and Fuzion admit the allegations in Paragraph 119.

120. SHIP and Fuzion admit the allegations in Paragraph 120.

121. SHIP and Fuzion admit the allegations in Paragraph 121.

122. SHIP and Fuzion admit that pursuant to a Management Agreement and Asset Purchase Agreement, the employees and operating infrastructure assets of SHIP were transferred to Fuzion and Fuzion became responsible for the management of SHIP as well as the administration of its long-term care insurance policies. SHIP admits that Fuzion has been compensated for its services but denies the remaining allegations in Paragraph 122.

123. SHIP and Fuzion admit the allegations in Paragraph 123.

124. SHIP and Fuzion deny the allegations in Paragraph 124. As a Pennsylvania-domiciled insurer, the Pennsylvania Insurance Department has primary jurisdiction over matters relating to SHIP's surplus.

125. SHIP and Fuzion admit that for the year-end December 31, 2013, SHIP had a total capital and surplus amount of $98,201,892 and aggregate reserves for accident and health contracts in the amount of $2,753,777,140. SHIP denies the remaining allegations in Paragraph 125.

126. SHIP and Fuzion deny the allegations in Paragraph 126.

127. SHIP and Fuzion deny knowledge or information sufficient to form a believe as to the truth of the allegations in paragraph 127.

128. SHIP and Fuzion deny knowledge or information sufficient to form a believe as to the truth of the allegations in Paragraph 128.

129. SHIP and Fuzion deny knowledge or information sufficient to form a believe as to the truth of the allegations in Paragraph 129.

130. SHIP and Fuzion deny knowledge or information sufficient to form a believe as to the truth of the allegations in Paragraph 130.

131. SHIP and Fuzion deny knowledge or information sufficient to form a believe as to the truth of the allegations in Paragraph 131.

132. SHIP and Fuzion deny knowledge or information sufficient to form a believe as to the truth of the allegations in Paragraph 132.

133. SHIP and Fuzion deny knowledge or information sufficient to form a believe as to the truth of the allegations in Paragraph 133.

134. SHIP and Fuzion deny knowledge or information sufficient to form a believe as to the truth of the allegations in Paragraph 134.

135. SHIP and Fuzion deny knowledge or information sufficient to form a believe as to the truth of the allegations in Paragraph 135.

136. SHIP and Fuzion deny knowledge or information sufficient to form a believe as to the truth of the allegations in Paragraph 136.

137. SHIP and Fuzion deny knowledge or information sufficient to form a believe as to the truth of the allegations in Paragraph 137.

138. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 138, except to the extent that Paragraph 138 purports to paraphrase the contents of pleadings in the Consolidated Actions that speak for themselves. SHIP and Fuzion deny the allegations in Paragraph 1138 to the extent they mischaracterize the pleadings referenced in that Paragraph.

139. SHIP and Fuzion deny knowledge or information sufficient to form a believe as to the truth of the allegations in Paragraph 139.

140. SHIP and Fuzion deny knowledge or information sufficient to form a believe as to the truth of the allegations in Paragraph 140.

141. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 141, except to the extent that Paragraph 141 purports to paraphrase the contents of the Reinsurance Agreements, which are documents that speak for themselves. SHIP and Fuzion deny the allegations in Paragraph 141 to the extent they mischaracterize the pleadings referenced in that Paragraph.

142. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 142, except to the extent that Paragraph 142 purports to paraphrase the contents of the Reinsurance Agreements, which are documents that speak for themselves. SHIP and Fuzion deny the allegations in Paragraph 142 to the extent they mischaracterize the pleadings referenced in that Paragraph.

143. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 143, except to the extent that Paragraph 143 purports to paraphrase the contents of the Reinsurance Agreements, which are documents that speak for

themselves. SHIP and Fuzion deny the allegations in Paragraph 1043 to the extent they mischaracterize the pleadings referenced in that Paragraph.

144. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 144.

145. Paragraph 145 asserts a legal conclusion to which no response is required. To the extent a response is deemed required, SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 145.

146. SHIP and Fuzion admit the allegations in Paragraph 146.

147. SHIP and Fuzion admit the allegations in Paragraph 147.

148. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 148.

149. SHIP and Fuzion admit the allegations in Paragraph 149.

150. SHIP and Fuzion admit the allegations in Paragraph 150.

151. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 151, except to the extent that Paragraph 151 purports to paraphrase the contents of pleadings in the Consolidated Actions that speak for themselves. SHIP and Fuzion deny the allegations in Paragraph 151 to the extent they mischaracterize the pleadings referenced in that Paragraph.

152. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 152.

153. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 153.

154. SHIP and Fuzion admit the allegations in Paragraph 154.

155. SHIP and Fuzion admit that following SHIP's introduction to Beechwood in late 2013, representatives from Beechwood, including Mark Feuer, Scott Taylor, and David Levy, met with representatives from SHIP to present Beechwood's services as an investment manager to SHIP.

156. SHIP and Fuzion deny the allegations in Paragraph 156, which consist of the Receiver's characterization of several unrelated pieces of email correspondence spanning a period of three years. Responding further, SHIP and Fuzion state that the correspondence quoted in Paragraph 156 are documents that speak for themselves and deny the allegations in Paragraph 156 to the extent they mischaracterize the correspondence referenced in that Paragraph.

157. SHIP and Fuzion admit that, in April and May 2014, representatives from Beechwood, including Mark Feuer, Scott Taylor, and David Levy, met with representatives from SHIP to present Beechwood's services as an investment manager to SHIP.

158. SHIP and Fuzion admit that, given the nature of SHIP's book of business, SHIP and Beechwood Re were unwilling to enter into a reinsurance arrangement pursuant to which Beechwood Re would take SHIP's reserves and then assume the financial obligation to pay policy claims. SHIP and Fuzion admit that representatives from Beechwood advised SHIP that it could gain access to high-quality, high-yield investments by entering into investment management agreements with Beechwood Re and its affiliated Beechwood entities. SHIP and Fuzion deny the remaining allegations in Paragraph 158.

159. SHIP and Fuzion deny the allegations in Paragraph 159.

160. SHIP and Fuzion admit that, as SHIP was Fuzion's largest client, administering policies for SHIP and providing additional services to SHIP pursuant to the Master Services Agreement was Fuzion's primary source of revenue for 2014 through 2017. SHIP and Fuzion

deny that the fees charged to SHIP by Fuzion were above market and deny the remaining allegations in Paragraph 160.

161. SHIP and Fuzion deny the allegations in Paragraph 161.

162. SHIP and Fuzion admit that SHIP entered into three investment management agreements with BBIL, BRE, and BAM I, respectively.

163. The allegations in Paragraph 163 characterize and paraphrase the terms of the three IMAs, which are documents that speak for themselves. While SHIP and Fuzion admit that the three IMAs contain similar terms, SHIP and Fuzion deny that the Receiver's characterization of the terms of the IMAs is accurate or complete. SHIP and Fuzion refer the Court to the three IMAs for their full contents.

164. SHIP and Fuzion deny the allegations in Paragraph 164, which purport to characterize the terms of the IMAs, which are documents that speak for themselves. SHIP and Fuzion refer the Court to the IMAs for their full contents.

165. SHIP and Fuzion admit the allegations in Paragraph 165, including subparts (i) through (iii).

166. SHIP and Fuzion admit the allegations in Paragraph 166. SHIP also invested an additional $50 million with Beechwood outside of the IMAs based on representations made to SHIP by Beechwood and its representatives, including Feuer, Taylor, and Dhruv Narain.

167. SHIP and Fuzion deny that BAM was given authority to "invest SHIP's funds as it saw fit." SHIP and Fuzion deny the remaining allegations in Paragraph 167 to the extent they purport to paraphrase the terms of the IMAs, which are documents that speak for themselves. SHIP's Adviser Investment Policy, Guidelines, and Restrictions are attached and incorporated into each IMA as Exhibit A to each agreement. SHIP's Guidelines for Senior Secured Credit

Opportunities are included in Exhibit A to the BBIL and BRE IMA but are not included in the BAM I IMA.

168. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 168 regarding assets transferred to Beechwood by BCLIC and WNIC. SHIP and Fuzion admit that SHIP transferred $270 million to Beechwood to be managed on SHIP's behalf pursuant to the IMAs.

169. SHIP and Fuzion admit allegations in Paragraph 169.

170. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 170 except to admit that Beechwood invested SHIP's assets in several related party transactions in a manner "intended to generate much needed cash for the PPVA Funds while maintaining the fiction of inflated valuations."

171. Paragraph 171 asserts legal conclusions to which no response is necessary. To the extent a response is deemed necessary, SHIP and Fuzion admit the allegations in Paragraph 171.

172. Paragraph 172 asserts legal conclusions to which no response is necessary. To the extent a response is deemed necessary, SHIP and Fuzion admit the allegations in Paragraph 172.

173. Paragraph 173 asserts legal conclusions to which no response is necessary. To the extent a response is deemed necessary, SHIP and Fuzion admit the allegations in Paragraph 173.

174. SHIP and Fuzion deny the allegations in Paragraph 174.

175. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 175 relating to the CNO Defendants. SHIP and Fuzion deny the remaining allegations in Paragraph 175.

176. SHIP and Fuzion deny the allegations in Paragraph 176.

177. SHIP and Fuzion admit the allegations in Paragraph 177.

178. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 178.

179. SHIP and Fuzion admit the allegations in Paragraph 179.

180. SHIP and Fuzion admit that Beechwood used SHIP's assets to "prop up portfolio companies of the PPVA Funds" including Black Elk, Golden Gate, PEDEVCO Corp., Implant Sciences Corp., Northstar Offshore Group, LLC, Montsant Partners, LLC, Desert Hawk Gold Corp. and China Horizon Investments Group. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the remaining allegations in Paragraph 180.

181. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 181 except to deny the allegation that SHIP was aware in December 2015 or March 2016 that the portfolio companies into which Beechwood had invested SHIP's assets were nonperforming and to deny that SHIP "directed" Beechwood to make any such transfers of assets.

182. Paragraph 182 asserts a legal conclusion to which no response is required. To the extent a response is deemed required, SHIP and Fuzion deny knowledge or information sufficient to form a believe as to the truth of the allegations in Paragraph 182.

183. Paragraph 183 asserts a legal conclusion to which no response is required. To the extent a response is deemed required, SHIP and Fuzion deny knowledge or information sufficient to form a believe as to the truth of the allegations in Paragraph 183.

184. SHIP and Fuzion deny knowledge or information sufficient to form a believe as to the truth of the allegations in Paragraph 184.

185. SHIP and Fuzion deny knowledge or information sufficient to form a believe as to the truth of the allegations in Paragraph 185

186. SHIP and Fuzion deny knowledge or information sufficient to form a believe as to the truth of the allegations in Paragraph 186.

187. SHIP and Fuzion deny knowledge or information sufficient to form a believe as to the truth of the allegations in Paragraph 187.

188. SHIP and Fuzion deny knowledge or information sufficient to form a believe as to the truth of the allegations in Paragraph 188.

189. SHIP and Fuzion deny knowledge or information sufficient to form a believe as to the truth of the allegations in Paragraph 189.

190. SHIP and Fuzion deny knowledge or information sufficient to form a believe as to the truth of the allegations in Paragraph 190.

191. SHIP and Fuzion deny knowledge or information sufficient to form a believe as to the truth of the allegations in Paragraph 191.

192. SHIP and Fuzion deny knowledge or information sufficient to form a believe as to the truth of the allegations in Paragraph 192.

193. Paragraph 193 asserts legal conclusions to which no response is required. To the extent a response is deemed required, SHIP and Fuzion admit that Beechwood, through Levy, and its officers, directors, and owners, including Taylor and Feuer, assisted the Platinum Funds in perpetrating the fraud that the Platinum Funds' assets were worth significantly more than in reality.

194. SHIP and Fuzion deny knowledge or information sufficient to form a believe as to the truth of the allegations in Paragraph 194.

195. SHIP and Fuzion deny knowledge or information sufficient to form a believe as to the truth of the allegations in Paragraph 195.

196. SHIP and Fuzion deny that a response to the allegations in Paragraph 196 is required as these allegations purport to characterize the terms of the Reinsurance Agreements and the quarterly reports required to be provided under the terms of those agreements which are documents that speak for themselves. To the extent a response is deemed required, SHIP and Fuzion deny knowledge or information sufficient to form a believe as to the truth of the allegations in Paragraph 196.

197. SHIP and Fuzion deny knowledge or information sufficient to form a believe as to the truth of the allegations in Paragraph 197.

198. Paragraph 198 includes the assertion of certain legal conclusions to which no response is required. To the extent a response is deemed required, SHIP and Fuzion deny knowledge or information sufficient to form a believe as to the truth of the allegations in Paragraph 198.

199. SHIP and Fuzion deny knowledge or information sufficient to form a believe as to the truth of the allegations in Paragraph 199.

200. SHIP and Fuzion deny that a response to the allegations in Paragraph 200 is required as these allegations appear to paraphrase and extract partial quotations from email correspondence that consists of documents that speak for themselves. To the extent a response is deemed required, SHIP and Fuzion deny knowledge or information sufficient to form a believe as to the truth of the allegations in Paragraph 200, including each of the subparts to that Paragraph.

201. SHIP and Fuzion deny that a response to the allegations in Paragraph 201 is required as these allegations appear to paraphrase and extract partial quotations from BCLIC and WNIC's pleadings in the Consolidated Actions which are documents that speak for themselves.

To the extent a response is deemed required, SHIP and Fuzion deny knowledge or information sufficient to form a believe as to the truth of the allegations in Paragraph 201.

202. SHIP and Fuzion deny that a response to the allegations in Paragraph 202 is required as these allegations paraphrase and characterize documents relating to certain transactions entered into by Beechwood, acting as investment manager for SHIP, which consist of documents that speak for themselves. To the extent a response is deemed required, SHIP and Fuzion admit that, on or about February 2, 2016, Beechwood entered into a *Second Amended and Restated Loan and Security Agreement* with parties including Credit Strategies. SHIP and Fuzion deny knowledge or information sufficient to form a believe as to the truth of the remaining allegations in Paragraph 202.

203. SHIP and Fuzion deny that a response to the allegations in Paragraph 203 is required as these allegations appear to paraphrase and extract partial quotations from email correspondence which consist of documents that speak for themselves. To the extent a response is deemed required, SHIP and Fuzion deny knowledge or information sufficient to form a believe as to the truth of the allegations in Paragraph 203.

204. SHIP and Fuzion deny knowledge or information sufficient to form a believe as to the truth of the allegations in Paragraph 204.

205. SHIP and Fuzion deny knowledge or information sufficient to form a believe as to the truth of the allegations in Paragraph 205.

206. SHIP and Fuzion deny knowledge or information sufficient to form a believe as to the truth of the allegations in Paragraph 206 relating to actions taken or not taken by the CNO Defendants. SHIP and Fuzion admit that, in 2016, after learning that their investments were underperforming SHIP instructed Beechwood to reduce SHIP's exposure to the Platinum Funds.

207. SHIP and Fuzion deny knowledge or information sufficient to form a believe as to the truth of the allegations in Paragraph 207.

208. SHIP and Fuzion deny the allegations in Paragraph 208. SHIP and Fuzion further deny that SHIP annexed the January 15, 2015 IMA side letter to its original Complaint, First Amended Complaint, or Second Amended Complaint.

209. SHIP and Fuzion admit that SHIP received certain holdings reports from Beechwood, but deny that these reports were received monthly or quarterly on a regular basis. SHIP and Fuzion deny the remaining allegations in Paragraph 209.

210. SHIP and Fuzion admit that SHIP received certain holdings reports from Beechwood identifying "investments using Platinum's name or names," but deny that this knowledge "establishes that SHIP knew Beechwood was investing trust assets with the Platinum Funds and/or their portfolio companies." SHIP and Fuzion further specifically deny that all Platinum-related investments were identifiable as such from any holdings reports that they received.

211. SHIP and Fuzion deny the allegations in Paragraph 211, except to admit SHIP entered into the SHIP/ Beechwood Surplus Note Transaction, as that term is defined in the First Amended Complaint.

212. SHIP and Fuzion admit the allegations of Paragraph 212, except to the extent that Paragraph 212 purports to paraphrase the contents of the SHIP Surplus Note, as that term is defined in the First Amended Complaint, which is a document that speaks for itself. SHIP and Fuzion deny the allegations in Paragraph 212 to the extent they mischaracterize the terms of the SHIP Surplus Note.

213. SHIP and Fuzion deny the allegations in Paragraph 213.

214. SHIP and Fuzion deny the allegations in Paragraph 214.

215. Paragraph 215 purports to paraphrase or quote the contents of documents that speak for themselves. SHIP and Fuzion deny the allegations in Paragraph 215 to the extent they mischaracterize the 2015 and 2017 SHIP Statutory Financial Statements.

216. Paragraph 216 purports to paraphrase or quote the contents of the Beechwood Exchange Note, as that term is defined in the First Amended Complaint, which is a document that speaks for itself. SHIP and Fuzion deny the allegations in Paragraph 216 to the extent they mischaracterize the terms of the Beechwood Exchange Note.

217. SHIP and Fuzion deny the allegations in Paragraph 217.

218. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 218, except to the extent Paragraph 218 purports to paraphrase or quote the contents of documents that speak for themselves. SHIP and Fuzion deny the allegations in Paragraph 218 to the extent they mischaracterize the terms of the 2015 SHIP Statutory Financial Statements.

219. SHIP and Fuzion deny the allegations in Paragraph 219.

220. SHIP and Fuzion deny the allegations in Paragraph 220, except to admit Nordlicht was Chief Investment Officer of the Platinum Funds.

221. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 221 related to the CNO Defendants. SHIP and Fuzion deny the remaining allegations in Paragraph 221, except to admit "Beechwood declined to reinsure SHIP's LTC portfolio."

222. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the allegations related to the CNO Defendants in Paragraph 222. The allegations in

the third sentence of Paragraph 222 assert a legal conclusion to which no response is necessary. To the extent a response is deemed necessary, SHIP and Fuzion deny the third sentence of Paragraph 222. SHIP and Fuzion deny the remaining allegations in Paragraph 222.

223. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 223, except admit Paragraph 223 purports to characterize certain PPCO Loan Transactions and Purchased Securities, as those terms are defined in the First Amended Complaint.

224. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 224.

225. Paragraph 225 purports to paraphrase or quote the contents of the SHIP Note, as that term is defined in the First Amended Complaint, which is a document that speaks for itself. SHIP and Fuzion deny the allegations in Paragraph 225 to the extent they mischaracterize the terms of SHIP Note.

226. Paragraph 226 purports to paraphrase or quote the contents of the December 2015 Security Agreement, as that term is defined in the First Amended Complaint, which is a document that speaks for itself. SHIP and Fuzion deny the allegations in Paragraph 226 to the extent they mischaracterize the terms of the December 2015 Security Agreement.

227. Paragraph 227 purports to paraphrase or quote the contents of the MSA Subsidiary Guarantee, as that term is defined in the First Amended Complaint, which is a document that speaks for itself. SHIP and Fuzion deny the allegations in Paragraph 227 to the extent they mischaracterize the terms of the MSA Subsidiary Guarantee.

228. Paragraph 228 purports to paraphrase or quote the contents of the BAM Asserted Lien, as that term is defined in the First Amended Complaint, which is a document that speaks for

itself. SHIP and Fuzion deny the allegations in Paragraph 228 to the extent they mischaracterize the terms of the BAM Asserted Lien.

229. SHIP and Fuzion deny the allegations in Paragraph 229.

230. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 230.

231. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 231, except to the extent that Paragraph 231 purports to paraphrase the contents of certain "emails from Desert Hawk management." SHIP and Fuzion deny the allegations in Paragraph 231 to the extent they mischaracterize the terms of the email correspondence cited in Paragraph 231.

232. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 232, except to deny SHIP knew "that the Desert Hawk debt was not worth the value it was ascribed."

233. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 233.

234. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 234, except to deny the "inter-relatedness of the CNO Defendants and SHIP" and further deny "SHIP money was used for the benefit of BCLIC and WNIC."

235. Paragraph 235 purports to paraphrase or quote the contents of the First Amended SHIP Note, as that term is defined in the First Amended Complaint, which is a document that speaks for itself. SHIP and Fuzion deny the allegations in Paragraph 235 to the extent they mischaracterize the terms of the First Amended SHIP Note.

236. Paragraph 236 purports to paraphrase or quote the contents of the Ratification Agreement, as that term is defined in the First Amended Complaint, which is a document that speaks for itself. SHIP and deny the allegations in Paragraph 236 to the extent they mischaracterize the terms of the Ratification Agreement.

237. SHIP and Fuzion deny the allegations of Paragraph 237.

238. SHIP and Fuzion deny the allegations in the first sentence of Paragraph 238. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the allegations in the second sentence of Paragraph 238.

239. The allegations in Paragraph 239 assert a legal conclusion to which no response is required. To the extent a response is deemed necessary, SHIP and Fuzion deny the allegations in Paragraph 239.

240. Paragraph 240 purports to paraphrase or quote the contents of the March NPA and March NPA Notes, as those terms are defined in the First Amended Complaint, which are documents that speak for themselves. SHIP and Fuzion deny the allegations in Paragraph 240 to the extent they mischaracterize the terms of the March NPA and March NPA Notes.

241. Paragraph 241 purports to paraphrase or quote the contents of the Amended Security Agreement, as that term is defined in the First Amended Complaint which is a document that speaks for itself. SHIP and Fuzion deny the allegations in Paragraph 241 to the extent they mischaracterize the terms of the Amended Security Agreement.

242. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 242, except to the extent that Paragraph 242 purports to paraphrase the contents of the December 2015 Security Agreement, Ratification Agreement, and Amended Security Agreement, as those terms are defined in the First Amended Complaint, which

are documents that speak for themselves. SHIP and Fuzion deny the allegations in Paragraph 242 to the extent they mischaracterize the terms of the December 2015 Security Agreement, Ratification Agreement and Amended Security Agreement.

243. Paragraph 243 purports to paraphrase or quote the contents of the Amended Security Agreement, as that term is defined in the First Amended Complaint, which is a document that speaks for itself. SHIP and Fuzion deny the allegations in Paragraph 243 to the extent they mischaracterize the terms of the Amended Security Agreement.

244. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 244, except to the extent that Paragraph 244 purports to paraphrase the contents of the BAM Asserted Liens, as that term is defined in the First Amended Complaint, which are documents that speak for themselves. SHIP and Fuzion deny the allegations in Paragraph 244 to the extent they mischaracterize the terms of the BAM Asserted Liens.

245. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 245, except to the extent that Paragraph 245 purports to paraphrase the contents of the NPA Guaranty, as that term is defined in the First Amended Complaint, which is a document that speaks for itself. SHIP and Fuzion deny the allegations in Paragraph 245 to the extent they mischaracterize the terms of the NPA Guaranty.

246. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 246, except to the extent that Paragraph 246 purports to paraphrase the contents of certain Secured Term Notes and the Second A&R SHIP Note, as that term is defined in the First Amended Complaint. As the documents speak for themselves, SHIP and Fuzion deny the allegations in Paragraph 246 to the extent they mischaracterize the terms of the Secured Term Notes and the Second A&R SHIP Note to see their full contents.

247. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 247, except to the extent that Paragraph 247 purports to paraphrase the contents of the Northstar Debt Assignment Agreement, as that term is defined in the First Amended Complaint, which is a document that speaks for itself. SHIP and Fuzion deny the allegations in Paragraph 247 to the extent they mischaracterize the terms of the Northstar Debt Assignment.

248. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 248, except to deny SHIP "misrepresented that the purchase price was fair."

249. SHIP and Fuzion deny the allegations in the first sentence of Paragraph 249. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the remaining allegations in Paragraph 249.

250. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 250.

251. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 251.

252. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 252.

253. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 253, except to deny "the March 2016 transactions were structured, negotiated and consummated with the substantial assistance" of either SHIP or Fuzion.

254. SHIP and Fuzion deny the allegations in Paragraph 254.

255. The allegations in Paragraph 255 assert a legal conclusion to which no response is required. To the extent a response is deemed necessary, SHIP and Fuzion deny the allegations in Paragraph 255.

256. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the allegations in the first sentence in Paragraph 256. SHIP and Fuzion deny the allegations in the second sentence in Paragraph 256.

257. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 257.

258. The allegations in Paragraph 258 assert a legal conclusion to which no response is required. To the extent a response is deemed necessary, SHIP and Fuzion deny the allegations in Paragraph 258.

259. The allegations in Paragraph 259 assert a legal conclusion to which no response is requires. To the extent a response is deemed necessary, SHIP and Fuzion deny the allegation in Paragraph 259.

260. SHIP and Fuzion admit the allegations in Paragraph 260.

261. SHIP and Fuzion deny the allegations of Paragraph 261.

262. SHIP and Fuzion admit the first sentence of Paragraph 262. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the second sentence of Paragraph 262. SHIP and Fuzion deny the allegations in the third sentence of Paragraph 262.

263. SHIP and Fuzion deny "joining the RICO Enterprise," but otherwise admit the allegations in Paragraph 263.

264. SHIP and Fuzion deny "joining the RICO Enterprise," but otherwise admit the allegations in Paragraph 264.

265. SHIP and Fuzion that it is a member of the "RICO Enterprise" but otherwise admit the allegations in Paragraph 265.

266. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 266.

267. SHIP and Fuzion deny the allegations of Paragraph 267.

268. SHIP and Fuzion deny the allegations of Paragraph 268.

269. SHIP and Fuzion deny the allegations in Paragraph 269.

270. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 270, except to deny joining the "RICO Enterprise."

271. SHIP and Fuzion deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 271, except to deny joining the "RICO Enterprise."

CLAIMS FOR RELIEF

272. SHIP has moved to dismiss Counts 1 to 4, 6, 7, and 18 of the First Amended Complaint. Count 5 does not name SHIP as a defendant. Accordingly, SHIP does not need to respond to Paragraphs 272 to 340 of the First Amended Complaint until the Court has resolved the pending motion to dismiss. Fuzion has moved to dismiss all Counts against it. Accordingly, Fuzion does not need to respond to Paragraphs 272 to 426 of the First Amended Complaint until the Court has resolved the pending motion to dismiss. To the extent a response is deemed necessary, SHIP and Fuzion deny the allegation in these counts and deny any liability of any kind.

341. SHIP repeats and reasserts all previous responses contained above as if fully set forth herein.

342. Paragraph 342 purports to paraphrase or quote the contents of the December 2015 Security Agreement, MSA Subsidiary Guarantee, and the Ratification Agreement, as those terms

are defined in the First Amended Complaint, which are documents that speak for themselves. SHIP denies the allegations in Paragraph 342 to the extent they mischaracterize the terms of the December 2015 Security Agreement, MSA Subsidiary Guarantee or the Ratification Agreement..

343. SHIP denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 343.

344. SHIP denies the allegations of Paragraph 344.

345. SHIP denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 345.

346. The allegations in Paragraph 346 assert a legal conclusion to which no response is required. To the extent a response is deemed necessary, SHIP denies the allegations of Paragraph 346.

347. The allegations in Paragraph 347 assert a legal conclusion to which no response is required. To the extent a response is deemed necessary, SHIP denies the allegations of Paragraph 347.

348. SHIP repeats and reasserts all previous responses contained above as if fully set forth herein.

349. Paragraph 349 purports to paraphrase or quote the contents of the December 2015 Security Agreement, MSA Subsidiary Guarantee, and the Ratification Agreement, as those terms are defined in the First Amended Complaint which are documents that speak for themselves. SHIP denies the allegations in Paragraph 349 to the extent they mischaracterize the terms of the December 2015 Security Agreement, MSA Subsidiary Guarantee, and the Ratification Agreement.

350. The allegations in Paragraph 350 assert a legal conclusion to which no response is required. To the extent a response is deemed necessary, SHIP denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 350.

351. SHIP denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 351.

352. The allegations in Paragraph 352 assert a legal conclusion to which no response is required. To the extent a response is deemed necessary, SHIP denies the allegations of Paragraph 352.

353. The allegations in Paragraph 353 assert a legal conclusion to which no response is required. To the extent a response is deemed necessary, SHIP denies the allegations of Paragraph 353.

354. The allegations in Paragraph 354 assert a legal conclusion to which no response is required. To the extent a response is deemed necessary, SHIP denies the allegations of Paragraph 354.

355. SHIP repeats and reasserts all previous responses contained above as if fully set forth herein.

356. Paragraph 356 purports to paraphrase or quote the contents of the December 2015 Security Agreement, MSA Subsidiary Guarantee, and the Ratification Agreement, as those terms are defined in the First Amended Complaint which are documents that speak for themselves. SHIP denies the allegations in Paragraph 356 to the extent they mischaracterize the terms of the December 2015 Security Agreement, MSA Subsidiary Guarantee, and the Ratification Agreement.

357. SHIP denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 357.

358. SHIP denies the allegations in Paragraph 358, except to the extent that Paragraph 358 purports to paraphrase the contents of documents that speak for themselves. SHIP denies the allegations in Paragraph 358 to the extent they mischaracterize the terms of the documents referenced in that Paragraph.

359. SHIP denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 359.

360. The allegations in Paragraph 360 assert a legal conclusion to which no response is required. To the extent a response is deemed necessary, SHIP denies the allegations of Paragraph 360.

361. The allegations in Paragraph 361 assert a legal conclusion to which no response is required. To the extent a response is deemed necessary, SHIP denies the allegations of Paragraph 361.

362. SHIP repeats and reasserts all previous responses contained above as if fully set forth herein.

363. Paragraph 363 purports to paraphrase or quote the contents of the December 2015 Security Agreement, MSA Subsidiary Guarantee, and the Ratification Agreement, as those terms are defined in the First Amended Complaint which are documents that speak for themselves. SHIP denies the allegations in Paragraph 363 to the extent they mischaracterize the terms of the December 2015 Security Agreement, MSA Subsidiary Guarantee, and the Ratification Agreement.

364. SHIP denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 364.

365. SHIP denies the allegations in Paragraph 365, except to the extent that Paragraph 365 purports to paraphrase the contents of documents that speak for themselves. SHIP denies the

allegations in Paragraph 365 to the extent they mischaracterize the terms of the documents referenced in that Paragraph.

366. The allegations in Paragraph 366 assert a legal conclusion to which no response is required. To the extent a response is deemed necessary, SHIP denies the allegations of Paragraph 366.

367. The allegations in Paragraph 367 assert a legal conclusion to which no response is required. To the extent a response is deemed necessary, SHIP denies the allegations of Paragraph 367.

368. SHIP repeats and reasserts all previous responses contained above as if fully set forth herein.

369. Paragraph 369 purports to paraphrase or quote the contents of the December 2015 Security Agreement, MSA Subsidiary Guarantee, and the Ratification Agreement, as those terms are defined in the First Amended Complaint which are documents that speak for themselves. SHIP denies the allegations in Paragraph 369 to the extent they mischaracterize the terms of the December 2015 Security Agreement, MSA Subsidiary Guarantee, and the Ratification Agreement.

370. SHIP denies the allegations in Paragraph 370, except to the extent that Paragraph 370 purports to paraphrase the contents of documents that speak for themselves. SHIP denies the allegations in Paragraph 370 to the extent they mischaracterize the documents referenced in that Paragraph .

371. SHIP denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 371.

372. SHIP denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 372.

373. The allegations in Paragraph 373 assert a legal conclusion to which no response is required. To the extent a response is deemed necessary, SHIP denies the allegations of Paragraph 373.

374. The allegations in Paragraph 374 assert a legal conclusion to which no response is required. To the extent a response is deemed necessary, SHIP denies the allegations of Paragraph 374.

375. SHIP repeats and reasserts all previous responses contained above as if fully set forth herein.

376. Paragraph 376 purports to paraphrase or quote the contents of the March NPA, the NPA Guaranty, the Amended Security Agreement, and the Second Amended & Restated SHIP Note, as those terms are defined in the First Amended Complaint which are documents that speak for themselves. SHIP denies the allegations in Paragraph 376 to the extent they mischaracterize the terms of the March NPA, the NPA Guaranty, the Amended Security Agreement or the Second Amended & Restated SHIP Note.

377. SHIP denies the allegations in Paragraph 377, except to the extent that Paragraph 377 purports to paraphrase the contents of documents that speak for themselves. SHIP denies the allegations in Paragraph 377 to the extent they mischaracterize the documents referenced in that Paragraph 377.

378. SHIP denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 378, except to the extent that Paragraph 378 purports to paraphrase the contents of documents that speak for themselves. SHIP denies the allegations in Paragraph 378 to the extent they mischaracterize the documents referenced in that Paragraph.

379. SHIP denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 379, except to the extent that Paragraph 379 purports to paraphrase the contents of documents that speak for themselves. SHIP denies the allegations in Paragraph 379 to the extent they mischaracterize the documents referenced in that Paragraph.

380. SHIP denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 380.

381. The allegations in Paragraph 381 assert a legal conclusion to which no response is required. To the extent a response is deemed necessary, SHIP denies the allegations of Paragraph 381.

382. The allegations in Paragraph 382 assert a legal conclusion to which no response is required. To the extent a response is deemed necessary, SHIP denies the allegations of Paragraph 382.

383. SHIP repeats and reasserts all previous responses contained above as if fully set forth herein.

384. Paragraph 384 purports to paraphrase or quote the contents of the March NPA, the NPA Guaranty, the Amended Security Agreement, and the Second Amended & Restated SHIP Note, as those terms are defined in the First Amended Complaint which are documents that speak for themselves. SHIP denies the allegations in Paragraph 384 to the extent they mischaracterize the March NPA, the NPA Guaranty, the Amended Security Agreement or the Second Amended & Restated SHIP Note.

385. SHIP denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 385, except to the extent that Paragraph 385 purports to paraphrase

the contents of documents that speak for themselves. SHIP denies the allegations in Paragraph 385 to the extent they mischaracterize the documents referenced in that Paragraph 385.

386. SHIP denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 386, except to the extent that Paragraph 386 purports to paraphrase the contents of documents that speak for themselves. SHIP denies the allegations in Paragraph 377 to the extent they mischaracterize the documents referenced in that Paragraph 386.

387. SHIP denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 387.

388. The allegations in Paragraph 388 assert a legal conclusion to which no response is required. To the extent a response is deemed necessary, SHIP denies the allegations of Paragraph 388.

389. The allegations in Paragraph 389 assert a legal conclusion to which no response is required. To the extent a response is deemed necessary, SHIP denies the allegations of Paragraph 389.

390. The allegations in Paragraph 390 assert a legal conclusion to which no response is required. To the extent a response is deemed necessary, SHIP denies the allegations of Paragraph 390.

391. SHIP repeats and reasserts all previous responses contained above as if fully set forth herein.

392. Paragraph 392 purports to paraphrase or quote the contents of the March NPA, the NPA Guaranty, the Amended Security Agreement, and the Second Amended & Restated SHIP Note, as those terms are defined in the First Amended Complaint which are documents that speak for themselves. SHIP denies the allegations in Paragraph 392 to the extent they mischaracterize

the March NPA, the NPA Guaranty, the Amended Security Agreement and the Second Amended & Restated SHIP Note.

393. SHIP denies the allegations in Paragraph 393, except to the extent that Paragraph 393 purports to paraphrase the contents of documents that speak for themselves. SHIP denies the allegations in Paragraph 393 to the extent they mischaracterize the documents referenced in that Paragraph.

394. SHIP denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 394, except to the extent that Paragraph 394 purports to paraphrase the contents of documents that speak for themselves. SHIP denies the allegations in Paragraph 394 to the extent they mischaracterize the documents referenced in that Paragraph 394.

395. SHIP denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 395, except to the extent that Paragraph 395 purports to paraphrase the contents of documents that speak for themselves. SHIP denies the allegations in Paragraph 395 to the extent they mischaracterize the documents referenced in that Paragraph.

396. SHIP denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 396.

397. The allegations in Paragraph 397 assert a legal conclusion to which no response is required. To the extent a response is deemed necessary, SHIP denies the allegations of Paragraph 397.

398. The allegations in Paragraph 398 assert a legal conclusion to which no response is required. To the extent a response is deemed necessary, SHIP denies the allegations of Paragraph 398.

399. SHIP repeats and reasserts all previous responses contained above as if fully set forth herein.

400. Paragraph 400 purports to paraphrase or quote the contents of the March NPA, the NPA Guaranty, the Amended Security Agreement, and the Second Amended & Restated SHIP Note, as those terms are defined in the First Amended Complaint which are documents that speak for themselves. SHIP denies the allegations in Paragraph 400 to the extent they mischaracterize the March NPA, the NPA Guaranty, the Amended Security Agreement or the Second Amended & Restated SHIP Note.

401. SHIP denies the allegations in Paragraph 401, except to the extent that Paragraph 401 purports to paraphrase the contents of documents that speak for themselves. SHIP denies the allegations in Paragraph 400 to the extent they mischaracterize the documents referenced in that Paragraph.

402. SHIP denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 402, except to the extent that Paragraph 402 purports to paraphrase the contents of documents that speak for themselves. SHIP denies the allegations in Paragraph 402 to the extent they mischaracterize the documents referenced in that Paragraph.

403. SHIP denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 403, except to the extent that Paragraph 403 purports to paraphrase the contents of documents that speak for themselves. SHIP denies the allegations in Paragraph 403 to the extent they mischaracterize the documents referenced in that Paragraph.

404. SHIP denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 404.

405. The allegations in Paragraph 405 assert a legal conclusion to which no response is required. To the extent a response is deemed necessary, SHIP denies the allegations of Paragraph 405.

406. The allegations in Paragraph 406 assert a legal conclusion to which no response is required. To the extent a response is deemed necessary, SHIP denies the allegations of Paragraph 406.

407. SHIP repeats and reasserts all previous responses contained above as if fully set forth herein.

408. Paragraph 408 purports to paraphrase or quote the contents of the March NPA, the NPA Guaranty, the Amended Security Agreement, and the Second Amended & Restated SHIP Note, as those terms are defined in the First Amended Complaint which are documents that speak for themselves. SHIP denies the allegations in Paragraph 377 to the extent they mischaracterize the terms of the March NPA, the NPA Guaranty, the Amended Security Agreement, or the Second Amended & Restated SHIP Note.

409. SHIP denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 409.

410. SHIP denies the allegations in Paragraph 410, except to the extent that Paragraph 410 purports to paraphrase the contents of documents that speak for themselves. SHIP denies the allegations in Paragraph 410 to the extent they mischaracterize the documents referenced in that Paragraph.

411. The allegations in Paragraph 411 assert a legal conclusion to which no response is required. To the extent a response is deemed necessary, SHIP denies the allegations of Paragraph 411.

412. SHIP denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 412, except to the extent that Paragraph 412 purports to paraphrase the contents of documents that speak for themselves. SHIP denies the allegations in Paragraph 412 to the extent they mischaracterize the documents referenced in that Paragraph.

413. SHIP denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 413, except to the extent that Paragraph 413 purports to paraphrase the contents of documents that speak for themselves. SHIP denies the allegations in Paragraph 413 to the extent they mischaracterize the documents referenced in that Paragraph.

414. SHIP denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 414.

415. The allegations in Paragraph 415 assert a legal conclusion to which no response is required. To the extent a response is deemed necessary, SHIP denies the allegations of Paragraph 415.

416. The allegations in Paragraph 416 assert a legal conclusion to which no response is required. To the extent a response is deemed necessary, SHIP denies the allegations of Paragraph 416.

417. SHIP has moved to dismiss Count 18 of the First Amended Complaint. Accordingly, SHIP does not need to respond to Paragraphs 417 to 419 of the First Amended Complaint.

420. SHIP repeats and reasserts all previous responses contained above as if fully set forth herein.

421. SHIP denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 421.

422. SHIP denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 422, except to the extent that Paragraph 422 purports to paraphrase the contents of documents that speak for themselves. SHIP denies the allegations in Paragraph 422 to the extent they mischaracterize the documents referenced in that Paragraph.

423. SHIP denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 423, except to the extent that Paragraph 423 purports to paraphrase the contents of documents that speak for themselves. SHIP denies the allegations in Paragraph 377 to the extent they mischaracterize the documents referenced in that Paragraph.

424. SHIP denies knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 424.

425. The allegations in Paragraph 425 assert a legal conclusion to which no response is required. To the extent a response is deemed necessary, SHIP denies the allegations of Paragraph 425.

426. The allegations in Paragraph 426 assert a legal conclusion to which no response is required. To the extent a response is deemed necessary, SHIP denies the allegations of Paragraph 426.

PRAYER FOR RELIEF

In response to the "WHEREFORE" clause on page 112 of the First Amended Complaint, SHIP denies that the Receiver is entitled to any relief whatsoever.

SHIP denies any allegation in the First Amended Complaint to which a response by it is required that is not expressly admitted.

427. SHIP denies that the Receiver is entitled to a trial by jury on any claims against it.

AFFIRMATIVE DEFENSES

SHIP and Fuzion set forth below their affirmative defenses. Each defense is asserted as to all claims against SHIP and as to all claims against Fuzion. By setting forth these affirmative defenses, neither SHIP or Fuzion assume the burden of proving any fact, issue, or element of a claim where such burden properly belongs to the Receiver.

FIRST AFFIRMATIVE DEFENSE

(Failure to State a Claim upon Which Relief May Be Granted)

The First Amended Complaint fails to state a claim, in whole or in part, upon which relief can be granted.

SECOND AFFIRMATIVE DEFENSE

(Statute of Limitations)

The Receiver's claims are barred, in whole or in part, by applicable statutes of limitations.

THIRD AFFIRMATIVE DEFENSE

(*In Pari Delicto*)

The Receiver's claims are barred, in whole or in part, by the *in pari delicto* doctrine.

FOURTH AFFIRMATIVE DEFENSE

(Laches)

The Receiver's claims are barred, in whole or in part, by the doctrine of laches.

FIFTH AFFIRMATIVE DEFENSE

(Estoppel)

The Receiver's claims are barred, in whole or in part, by the doctrine of estoppel.

SIXTH AFFIRMATIVE DEFENSE

(Waiver)

The Receiver's claims are barred, in whole or in part, by the doctrine of waiver.

SEVENTH AFFIRMATIVE DEFENSE

(Ratification)

The Receiver's claims are barred, in whole or in part, by the doctrine of ratification.

EIGHTH AFFIRMATIVE DEFENSE

(Unclean Hands)

The Receiver's claims are barred, in whole or in part, by the doctrine of unclean hands.

NINTH AFFIRMATIVE DEFENSE

(Failure to Mitigate)

The Receiver's claims are barred, in whole or in part, by their failure to mitigate, minimize or avoid any damages she may be claiming.

TENTH AFFIRMATIVE DEFENSE

(No Standing)

The Receiver's claims are barred, in whole or in part, because she lacks standing to bring the claims she has brought against SHIP.

ELEVENTH AFFIRMATIVE DEFENSE

(Good Faith)

The Receiver's claims are barred, in whole or in part, because SHIP at all times acted in good faith.

TWELFTH AFFIRMATIVE DEFENSE

(Election of Remedies)

The Receiver's claims are barred, in whole or in part, by the doctrine of election of remedies.

THIRTEENTH AFFIRMATIVE DEFENSE

(No Causation)

The Receiver's claims are barred, in whole or in part, because the parties whose interests the Receiver represents and the parties in whose shoes the Receiver stands have sustained no injury in fact or damages caused by any act or omission of SHIP.

FOURTEENTH AFFIRMATIVE DEFENSE

(Release or Discharge of Claims)

The Receiver's claims are barred, in whole or in part, because they have been released, discharged, compromised and settled,

FIFTEENTH AFFIRMATIVE DEFENSE

(Accord and Satisfaction)

The Receiver's claims are barred, in whole or in part, by accord and satisfaction.

SIXTEENTH AFFIRMATIVE DEFENSE

(Assumption of Risk/Culpable Conduct)

The Receiver's claims are barred, in whole or in part, based on doctrines of assumption of risk and/or culpable conduct on the part of the Receiver, the parties whose interests she represents and/or the parties in whose shoes she stands.

SEVENTEENTH AFFIRMATIVE DEFENSE

(Alleged Damages Caused by Other Parties)

The Receiver's claims are barred, in whole or in part, because any damages she claims that were incurred by the parties whose interests the Receiver represents and the parties in whose shoes the Receiver stands were due to the acts or omissions of parties other than SHIP.

EIGHTEENTH AFFIRMATIVE DEFENSE

(Failure to Plead with Specificity)

The Receiver's claims are barred, in whole or in part, because she has failed to plead claims against SHIP with the specificity required under Fed. R. Civ. P. 9(b).

NINETEENTH AFFIRMATIVE DEFENSE

(The *Wagoner* Rule)

The Receiver's claims are barred, in whole or in part, based on the rule articulated in *Shearson Lehman Hutton, Inc. v. Wagoner*, 944 F.2d 114 (2d Cir. 1991).

TWENTIETH AFFIRMATIVE DEFENSE

(Obligations Met)

The Receiver's claims are barred, in whole or in part, because SHIP met all of its obligations under their Agreements with the Beechwood Entities.

TWENTY-FIRST AFFIRMATIVE DEFENSE

(No Conveyance)

The Receiver's claims are barred because no Platinum entity conveyed anything to SHIP, and hence there is no conveyance to set aside.

TWENTY-SECOND AFFIRMATIVE DEFENSE

(Denial of Liability)

SHIP and Fuzion generally deny liability to each of the Receiver's claims.

RESERVATION OF RIGHTS TO ASSERT ADDITIONAL DEFENSES

SHIP and Fuzion have not knowingly or intentionally waived any applicable defenses, and reserve the right to assert and rely upon other applicable defenses that may become available or apparent during discovery in this matter. SHIP and Fuzion reserve the right to amend or seek to amend its Answer and Affirmative Defenses.

CROSSCLAIMS AND THIRD-PARTY CLAIMS

Crossclaimant and Third-Party Plaintiff Senior Health Insurance Company of Pennsylvania ("SHIP") alleges as follows in support of its crossclaims and third-party claims.

NATURE OF THE ACTION

1. These crossclaims and third-party claims asserted herein arise out of a conspiracy conceived by Nordlicht, Huberfeld, Bodner, Levy, Feuer, and Taylor and carried out by the Platinum Entities,[1] the Beechwood Entities,[2] and the Co-Conspirators[3] to gain and retain, by means of artifice and fraud, access to the reserves of SHIP and other insurance companies in order to perpetuate the Ponzi-like scheme being carried out by Platinum[4] and to otherwise enrich themselves and their related parties (the "Platinum-Beechwood Scheme").

2. In essence, the Platinum-Beechwood Scheme focused on the formation by Platinum of the Beechwood[5] enterprise, consisting of reinsurance companies and related investment management and servicing entities that *appeared* to be wholly independent of Platinum, to be well

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[1] "Platinum Entities" means Platinum Management (NY) LLC, Beechwood Re Investments, LLC, and N Management LLC.

[2] "Beechwood Entities" means Beechwood Re, Ltd.; Beechwood Bermuda International, Ltd.; B Asset Manager, L.P.; B Asset Manager II, L.P.; MSD Administrative Services LLC; Beechwood Re Holdings, Inc.; Beechwood Bermuda, Ltd.; BAM Administrative Services LLC; Beechwood Capital Group, LLC; B Asset Manager GP LLC; and B Asset Manager II GP LLC.

[3] "Co-Conspirators" means Feuer, Taylor, Levy, Nordlicht, Huberfeld, Bodner, Manela, Beren, Saks, Kim, Steinberg, Feit, Small, Landesman, SanFilippo, Ottensoser, Slota, Fuchs, Michael Nordlicht, Cassidy, the Beechwood Entities, Platinum Management, BRILLC, N Management, and the 2016 Acquisition Trusts. "Co-Conspirator Defendants" means all Co-Conspirators except those already named in the SHIP Action, the SHIP Action Defendants.

[4] "Platinum" means the entire Platinum enterprise, which includes the Platinum Entities and the Platinum Insiders.

[5] "Beechwood" means the entire Beechwood enterprise, which includes the Beechwood Advisors, the Beechwood Entities, and the Beechwood Insiders.

capitalized, and to be run by competent, prudent, and experienced insurance and investment professionals, but were, in reality, Platinum puppets. As envisioned, Beechwood would (and did) target primary insurers with long-tail policy obligations that were required to maintain very large reserves and were seeking reinsurance options or better investment opportunities than were widely available. Under these arrangements, Beechwood would (and did) gain access to, and discretionary investment control over, hundreds of millions of dollars in reserves supporting policies obligations. That control would (and did) enable Platinum to surreptitiously and secretly direct those reserve funds into Platinum investments, to use the reserves to rescue Platinum from its own bad investments, and to charge excessive, unearned and duplicative management fees and other compensation for so-called investment related services. The economic benefit of the Platinum-Beechwood Scheme would (and did) flow to the Co-Conspirators through a vast network of entities that served as the alter egos of their respective founders.

3. The fundamental factual allegations relating to the fraudulent operation of Platinum Partners Value Arbitrage Fund L.P. ("PPVA") and Platinum Partners Credit Opportunities Master Fund L.P. ("PPCO") (PPVA and PPCO together, the "Platinum Funds") from their inception through 2012, leading to the desperate need for access to cash to keep the Platinum Funds afloat, and the subsequent conception of the Platinum-Beechwood Scheme and formation of the Beechwood Entities in 2012 and 2013, are conceded by the PPCO Receiver and by the PPVA Joint Official Liquidators ("JOLs").[6]

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[6] *See Trott, et al. v. Platinum Management (NY), LLC, et al.*, ("PPVA Action") Second Amended Complaint [ECF 226] (March 29, 2019) (the "PPVA Complaint"); *Cyganowski v. Beechwood Re Ltd., et al*, ("PPCO Action") First Amended Complaint [ECF 207] (March 29, 2019) (the "PPCO Complaint").

4. The core factual allegations concerning how SHIP became a victim of the Platinum-Beechwood Scheme, including the fraudulent misrepresentations by which Beechwood became and remained an investment advisor to SHIP and gained investment control and discretion over more than $300 million of SHIP's reserves, as well as detailed examples of how certain of the Beechwood Entities, Feuer, Taylor, Levy, and Narain abused their fiduciary relationships with, and obligations to, SHIP; gave Platinum unfettered control over, and access to SHIP's investment account funds; misused and misappropriated funds entrusted to its care; defrauded SHIP; enriched the Beechwood Insiders[7] themselves at SHIP's expense; and otherwise caused SHIP substantial and on-going economic harm, are set forth in the Second Amended Complaint filed by SHIP in *Senior Health Insurance Co. of Pa. v. Beechwood Re Ltd., et al.*, 18 Civ. 06658-JSR (the "SHIP Action"), which has been consolidated with this case for purposes of discovery. The Defendants in the SHIP Action are: Beechwood Re, Ltd., B Asset Manager, L.P., Beechwood Bermuda International, Ltd., Beechwood Re Investments, LLC a/k/a Beechwood Re Investors, LLC, [8] Moshe M. Feuer a/k/a Mark Feuer, Scott A. Taylor, David I. Levy, and Dhruv Narain (the "SHIP Action Defendants").[9]

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[7] "Beechwood Insiders" means Feuer, Taylor, Levy, Nordlicht, Huberfeld, Bodner, Manela, Beren, Saks, Kim, Steinberg, and Feit.

[8] Initially identified as an "also known as" based on documents produced by the Beechwood Entities, it is now apparent that Beechwood Re Investments, LLC is a separate entity from Beechwood Re Investors, LLC.

[9] Each Crossclaim Defendant or Third-Party Defendant that is also a SHIP Action Defendant is sued in this case by SHIP solely for contractual indemnification with respect to the claims asserted by PPCO against SHIP.

5. Each of the Crossclaim Defendants and Third-Party Defendants played a critical and knowing role in furtherance of, and benefitted directly from, the Platinum-Beechwood Scheme.

THE PARTIES AND OTHER KEY PLAYERS

6. **Crossclaimant/Third-Party Plaintiff SHIP** is an insurance company domiciled in the Commonwealth of Pennsylvania with its principal place of business in Carmel, Indiana. SHIP stopped writing new business in 2003 and began to work with the Pennsylvania Insurance Department to develop a run-off strategy. In 2008, the ownership of SHIP was transferred from a wholly owned subsidiary of Conseco, Inc. to the Senior Healthcare Trust, which was then merged into the Senior Healthcare Oversight Trust (the "Oversight Trust"), and the company's name was changed to the "Senior Health Insurance Company of Pennsylvania." The Trustees of the Oversight Trust serve as SHIP's Directors and are primarily former insurance regulators. SHIP was introduced to Beechwood Re in late 2013, and in 2014 and 2015 SHIP entered into three Investment Management Agreements (the "IMAs") with Beechwood Bermuda International Ltd., Beechwood Re Ltd., and B Asset Manager LP (collectively, the "Beechwood Advisors"), respectively. Through these IMAs, along with certain deals outside of the IMAs, SHIP—to its detriment—invested $320 million with the three Beechwood Advisors and related companies.

7. **Non-Party Moshe M. Feuer a/k/a Mark Feuer** ("Feuer") is, and at all times material to the allegations in this pleading was, a resident of Lawrence, New York. Feuer is a Beechwood Founder, and together with Scott Taylor, and initially David Levy, presented the public face of the Beechwood Entities. Feuer was part of the Beechwood enterprise and its operations at all times relevant to these allegations. Feuer continuously misrepresented material facts regarding Beechwood's ownership, management, investment strategy, investments, and

investment values and returns to SHIP and other clients of the Beechwood Entities. Feuer was one of the authors of the Platinum-Beechwood Scheme, together with Scott Taylor, David Levy, Mark Nordlicht, Murray Huberfeld, and David Bodner. Feuer also was instrumental in carrying out the Platinum-Beechwood Scheme, including the defrauding and otherwise harming of SHIP, in concert with the Co-Conspirators. Feuer is a named Defendant in the SHIP Action.[10]

8. **Non-Party Scott A. Taylor** ("Taylor") is, and at all times material to the allegations in this pleading was, a resident of New York, New York. Taylor was one of the founders of Beechwood (each, a "Beechwood Founder"), and together with Feuer, and initially David Levy, presented the public face of the Beechwood Entities. Taylor was part of the Beechwood enterprise and its operations at all times relevant to these allegations. Taylor continuously misrepresented material facts regarding Beechwood's ownership, management, and investment strategy, investments, and investment values and returns to SHIP and other clients of the Beechwood Entities. Taylor was one of the authors of the Platinum-Beechwood Scheme, together with Feuer, David Levy, Mark Nordlicht, Murray Huberfeld, and David Bodner. Taylor also was instrumental in carrying out the Platinum-Beechwood Scheme, including the defrauding and otherwise harming of SHIP, in concert with the Co-Conspirators. Taylor is a named Defendant in the SHIP Action.

9. **Third-Party Defendant Beechwood Capital Group, LLC** ("Beechwood Capital") is, and at all times material to the allegations in this pleading was, a New York limited liability company with its principal place of business in Lawrence, New York, at the same address as Feuer's principal residence. Beechwood Capital is a Beechwood Entity. It is wholly owned by

[10] Certain non-parties who have been named as defendants in the SHIP Action are identified here in light of their central roles in the in the conspiracy.

Feuer and Taylor and is an alter ego of Feuer and Taylor, having been dominated and controlled by both for the purpose of furthering the Platinum-Beechwood Scheme. For example, Beechwood Capital served as a "trade reference" for other of the Beechwood Entities in order to access vendors and banks and prime brokers. In communications with targets of the scheme, including SHIP, Feuer and Taylor characterized Beechwood Capital as a New York private investment fund that was developing a new entrant into the life and health reinsurance market, without revealing that Beechwood Capital in fact was a mere instrumentality to be employed in furtherance of the Platinum-Beechwood Scheme. Feuer and Taylor also used Beechwood Capital as an asset protection vehicle to siphon off and secret ill-gotten gains from the Platinum-Beechwood Scheme in order to place them beyond the reach of their creditors.

10. **Non-Party David I. Levy** ("Levy") is, and at all times material to the allegations in this pleading was, a resident of New York, New York. Levy is the nephew of Murray Huberfeld. Levy was a portfolio manager at Platinum Management and rose through the ranks to become Co-Chief Investment Officer of Platinum Management with Mark Nordlicht. Levy is a Beechwood Founder and, together with Feuer and Taylor, presented the public face of the Beechwood Entities. Levy left Beechwood in late 2014 and returned to Platinum Management, but, as part of the Platinum-Beechwood Scheme, surreptitiously continued to exert control over the Beechwood Entities throughout the relevant period. Levy was integral in every aspect of the Platinum-Beechwood Scheme, including developing the scheme, founding Beechwood, selecting investments for SHIP contrary to the guidelines of the IMAs and against SHIP's best interest in consultation with Nordlicht and others, and concealing the true relationship between Platinum and Beechwood. Levy is a named Defendant in the SHIP Action.

11. **Crossclaim Defendant Beechwood Re Ltd.** ("Beechwood Re") is, and at all times material to the allegations in this pleading was, a stock life reinsurance company domiciled in the Cayman Islands with its principal place of business in New York, New York. Beechwood Re was created specifically to effectuate the Platinum-Beechwood Scheme and was one of the primary instrumentalities used by the Co-Conspirators to carry out the scheme. In furtherance of that scheme, Beechwood Re entered into an IMA with SHIP on June 13, 2014, pursuant to which SHIP entrusted significant assets to the care of Beechwood Re to SHIP's detriment. Beechwood Re is a named Defendant in the SHIP Action. It is named as a Crossclaim Defendant in this pleading solely with respect to SHIP's claim for contractual indemnification arising out of the PPCO Action.

12. **Crossclaim Defendant Beechwood Re Holdings, Inc.** ("Beechwood Holdings") is, and at all times material to the allegations in this pleading was, an entity organized under Cayman Islands law with its principal place of business in New York, New York. Beechwood Holdings holds all of the common stock of Beechwood Re. Beechwood Re served as counterparty to one of the IMAs with SHIP. Beechwood Holdings was approximately 70% beneficially owned by the Nordlicht Group through the Beechwood Trusts. The ownership of Beechwood Holdings allowed the Nordlicht Group to exert control over Beechwood Re. Beechwood Holdings is an alter ego of Nordlicht, Huberfeld, Bodner, Levy, Feuer, and Taylor, having been dominated and controlled by them for the purpose of concealing the Nordlicht Group's ownership and control of the Beechwood Entities. Nordlicht, Huberfeld, Bodner, Levy, Feuer, and Taylor created Beechwood Holdings as an asset protection vehicle for use in siphoning off and secreting the ill-gotten gains from the Co-Conspirators' Platinum-Beechwood Scheme in order to place them beyond the reach of their creditors.

13. **Crossclaim Defendant Beechwood Bermuda International Ltd.** ("BBIL") ") is, and at all times material to the allegations in this pleading was, a reinsurance company domiciled in Bermuda with its principal place of business in New York, New York. BBIL was created specifically to effectuate the Platinum-Beechwood Scheme and was one of the primary instrumentalities used by the Co-Conspirators to carry out the scheme. In furtherance of that scheme, BBIL entered into an IMA with SHIP on May 22, 2014, pursuant to which SHIP trusted significant assets to the care of BBIL to SHIP's detriment. BBIL is a named Defendant in the SHIP Action. It is named as a Crossclaim Defendant in this pleading solely with respect to SHIP's and Fuzion's claims for contractual indemnification arising out of the PPCO Action.

14. **Crossclaim Defendant Beechwood Bermuda Ltd.** ("BBL") is, an entity organized under Bermuda law, with its principal place of business in Bermuda and a place of business in New York, New York. BBL was a reinsurance company that was licensed as an insurer located in Hamilton, Bermuda and regulated by the Bermuda Monetary Authority. BBL holds all of the common stock of BBIL, one of the Beechwood Entities with which SHIP entered an IMA. BBL was approximately 70% beneficially owned by the Nordlicht Group. The ownership of Beechwood Holdings allowed the Nordlicht Group to exert control over BBL and BBIL. BBL is an alter ego of Nordlicht, Huberfeld, Bodner, Levy, Feuer, and Taylor, having been dominated and controlled by them for the purpose of concealing the Nordlicht Group's ownership and control of the Beechwood Entities. Nordlicht, Huberfeld, Bodner, Levy, Feuer, and Taylor created BBL as an asset protection vehicle for use in siphoning off and secreting the ill-gotten gains from the Co-Conspirators' Platinum-Beechwood Scheme in order to place them beyond the reach of their creditors.

15. **Third-Party Defendant PB Investment Holdings Ltd.** ("PBIH"), as successor-in-interest to Beechwood Bermuda Investment Holdings Ltd. ("BBIH"), is a Beechwood Entity organized under Bermuda law, with its principal place of business in Bermuda. BBIH was, at all times material to these claims, a reinsurance and wealth management company that issued wealth management products for the Beechwood Insiders. BBIH was a wholly owned subsidiary of BBIL, and was at all times relevant to the allegations in this pleading controlled by BBIL and its owners and managers. BBIH was an alter ego of Nordlicht, Huberfeld, Bodner, Levy, Feuer, and Taylor, having been dominated and controlled by them for the purpose of executing certain transactions to the benefit of the Co-Conspirators, and to the detriment of SHIP. Nordlicht, Huberfeld, Bodner, Levy, Feuer, and Taylor created BBIH and PBIH as asset protection vehicles for use in siphoning off and secreting the ill-gotten gains from the Co-Conspirators' Platinum-Beechwood Scheme in order to place them beyond the reach of their creditors.

16. **Crossclaim Defendant B Asset Manager LP** ("BAM I") is, and at all times material to the allegations in this pleading was, a Delaware limited liability company with its principal place of business in New York, New York. BAM I was created specifically to effectuate the Platinum-Beechwood Scheme and was one of the instrumentalities used by the Co-Conspirators to carry out the scheme. SHIP entered into an IMA with BAM I on January 15, 2015, whereby SHIP entrusted significant assets to the care of BAM I to SHIP's detriment. BAM I is a named Defendant in the SHIP Action.[11] It is named as a Crossclaim Defendant in this pleading

[11] In the SHIP Action, SHIP refers to BAM I simply as "BAM"; because, as set forth immediately below, SHIP now names BAM II as a crossclaim defendant, SHIP refers to this entity as BAM I for ease of reference.

solely with respect to SHIP's claim for contractual indemnification arising out of the underlying action.

17. **Crossclaim Defendant B Asset Manager II LP** ("BAM II," together with B Asset Manager LP, "BAM") is a Delaware limited partnership, which had its principal place of business in New York, New York at all relevant times. BAM II, in conjunction with BAM I, served as an investment advisor for the other Beechwood Entities, and enacted Investment Management Agreements with both BBIL and Beechwood Re. In their capacity as investment managers, BAM signed on behalf of SHIP, and was the signatory for most, if not all, of the deals Beechwood caused SHIP to enter. For deals in which SHIP was transacting with a Beechwood Entity directly, BAM II served as the investment advisor to the Beechwood Entity and BAM I served as investment advisor to SHIP. For example, if BBIL were purchasing a $15 million participation in a loan, BAM II would sign as the investment advisor on behalf of BBIL. If BBIL were purchasing a $15 million participation in a loan on SHIP's behalf, BAM I would sign as the investment advisor on behalf of SHIP. If BBIL were selling a $15 million participation in a loan which it had previously purchased to SHIP, BAM I would sign as SHIP's investment advisor and BAM II would serve as BBIL's investment advisor. This paradigm was structured by the Co-Conspirators to facilitate cross party and related party transactions that were key to the Platinum-Beechwood Scheme. The BAM entities are alter egos of the beneficial owners of the BAM Trusts—Nordlicht, Huberfeld, Bodner, Levy, Feuer, and Taylor—having been dominated and controlled by them for the purpose of concealing their ownership and control of the Beechwood Entities. Nordlicht, Huberfeld, Bodner, Levy, Feuer, and Taylor exercised this ownership to exert control over BAM, and used that control in furtherance of the Co-Conspirators' Platinum-Beechwood Scheme and to the detriment of SHIP. Through its controllers, BAM had knowledge of all aspects of the Platinum-

Beechwood Scheme, and it was employed to take material steps to further the Platinum-Beechwood Scheme to the detriment of SHIP.

18. BAM was beneficially owned by Nordlicht, Huberfeld, Bodner, Levy, Feuer, and Taylor through their respective interests in **Third-Party Defendants Beechwood Asset Management Trust I ("BAM Trust I") and Beechwood Asset Management Trust II** ("BAM Trust II," collectively with BAM Trust I, the "BAM Trusts"). The BAM Trusts were created for the purpose of holding ownership interests in BAM in generically named entities on behalf of Nordlicht, Bodner, Huberfeld, Levy, Feuer, and Taylor. [redacted]

This ownership allowed Platinum, through Nordlicht, Huberfeld, Bodner, and Levy, to exert control over the investment decisions of BAM and thereby Beechwood, unbeknownst to SHIP. The BAM Trusts are alter egos of Nordlicht, Huberfeld, Bodner, Levy, Feuer, and Taylor, having been dominated and controlled by them for the purpose of concealing their ownership and control of the Beechwood Entities. Nordlicht, Huberfeld, Bodner, Levy, Feuer, and Taylor created the BAM Trusts as asset protection vehicles for use in siphoning off and secreting the ill-gotten gains from the Co-Conspirators' Platinum-Beechwood Scheme in order to place them beyond the reach of their creditors.

19. **Third-Party Defendants B Asset Manager GP LLC ("BAM I GP") and B Asset Manager II GP LLC** ("BAM II GP," collectively with BAM I GP, "BAM GP") are, and at all times material to the allegations in this pleading were, limited liability companies, organized under the laws of Delaware, with their principal places of business in New York, New York. [redacted]

[redacted] BAM GP was the alter ego of David Levy until the entities that comprise BAM GP were sold, and then it became the alter ego of Mark Feuer, having been dominated and controlled by either Levy or Feuer at the relevant times of their ownership. Both Levy and Feuer used BAM GP for the purpose of controlling BAM, the Beechwood investment managers, and thereby controlling the investment decisions of Beechwood. Levy and Feuer used the BAM GP entities as asset protection vehicles for use in siphoning off and secreting the ill-gotten gains from the Co-Conspirators' Platinum-Beechwood Scheme in order to place them beyond the reach of their creditors.

20. **Crossclaim Defendant BAM Administrative Services LLC** ("BAMAS") is, and at all times material to these claims was, a limited liability company organized under Delaware law, with its principal place of business in New York, New York. BAMAS served as agent for the Beechwood Trusts and as agent and signatory on behalf of Beechwood Re and BBIL in connection with certain transactions described more fully below. For example, BAMAS was a signatory to a May 22, 2015 participation agreement in a July 14, 2010 Desert Hawk Gold Corp. note as agent for Beechwood Re, BBIL, SHIP, BCLIC, WNIC and ULICO, counter to DMRJ Group I, LLC—a subsidiary of PPVA. David Levy signed the same note on behalf of DMRJ Group I, LLC, and PPVA. Mark Feuer Signed for BAMAS. BAMAS had knowledge through its controllers that PPVA was a related party, but did not disclose this fact to SHIP, nor did it seek SHIP's approval for the transaction. BAMAS was a wholly owned subsidiary of BAM I, and was at all times relevant to the allegations in this pleading controlled by BAM I and its owners and managers. BAMAS is an alter ego of Nordlicht, Huberfeld, Bodner, Levy, Feuer, and Taylor,

having been dominated and controlled by them for the purpose of concealing their ownership and control of the Beechwood Entities and causing certain transactions that were part of the Platinum-Beechwood Scheme. BAMAS was paid significant management fees that it did not earn, and was, in fact, created by Nordlicht, Huberfeld, Bodner, Levy, Feuer, and Taylor as an asset protection vehicle for use in siphoning off and secreting the ill-gotten gains from the Co-Conspirators' Platinum-Beechwood Scheme in order to place them beyond the reach of their creditors.

21. **Third-Party Defendant MSD Administrative Services LLC** ("MSD Administrative") is, and at all times material to the allegations in this pleading was, a limited liability company organized under the laws of Delaware with its principal place of business in New York, New York. MSD Administrative was a wholly owned subsidiary of Beechwood Holdings. [redacted] MSD Administrative was paid significant service fees by the Beechwood Entities. These service fees were used to funnel money out of the Beechwood Entities in order to shield assets from creditors. Beechwood Re Investors, LLC (a distinct entity from BRILLC) is a wholly owned subsidiary of MSD Administrative LLC [redacted] Beechwood Re Investors, LLC was a signatory for Beechwood's office leases. MSD Administrative is an alter ego of Nordlicht, Huberfeld, Bodner, Levy, Feuer, and Taylor, having been dominated and controlled by them for the purpose of controlling the Beechwood Entities. Nordlicht, Huberfeld, Bodner, Levy, Feuer, and Taylor created MSD Administrative as an asset protection vehicle for use in siphoning off and secreting the ill-gotten gains from the Co-

Conspirators' Platinum-Beechwood Scheme in order to place them beyond the reach of their creditors.

22. **Third-Party Defendant Mark Nordlicht** ("Nordlicht") is a resident of New Rochelle, New York. Nordlicht founded and owned Platinum Management with Murray Huberfeld ("Huberfeld") and David Bodner ("Bodner"). Nordlicht, along with Huberfeld and Bodner, used Platinum Management to control PPVA. Nordlicht also controlled PPCO through his control of Platinum Credit Holdings LLC, which was general partner of PPCO. At all times relevant to these allegations, Nordlicht was on the investment, risk, and valuation committees of Platinum Management, and as such had significant control over the valuations of PPVA's investments. Nordlicht played a principal role in the creation of Beechwood and was one of the masterminds of the Platinum-Beechwood Scheme. He was an owner of Beechwood and exercised significant control over the enterprise's affairs, orchestrating the investment decisions of Beechwood discreetly, through his ownership interest in Beechwood and his control over various Beechwood managers including but not limited to Levy, Third-Party Defendant Daniel Saks, and Third-Party Defendant Naftali Manela. Nordlicht even maintained an office within Beechwood's offices and arranged for top positions within Beechwood to be filled with Platinum employees, unbeknownst to SHIP. Nordlicht deliberately concealed his ownership in and control over Beechwood, as well as the scope of his involvement, in order to perpetuate the Platinum-Beechwood Scheme. Nordlicht was the beneficial owner of Beechwood Trust Nos. 1-6, through each of his six children. He also indirectly owned preferred shares in Beechwood Re Ltd. through several of the BRILLC Series Entities, one of which was owned and controlled by his wife, Third-Party Defendant Dahlia Kalter. A federal grand jury sitting in the Eastern District of New York returned a Criminal Indictment against Nordlicht for securities fraud, advisor fraud, and wire fraud

in connection with his role in the Platinum-Beechwood Scheme.[12] That criminal trial is ongoing at the time of this filing. Nordlicht has also been named as a defendant in the SEC Complaint.[13] Nordlicht had knowledge of all aspects of the Platinum-Beechwood Scheme, and took material steps to further the Platinum-Beechwood Scheme to the detriment of SHIP. As such, Nordlicht aided and abetted certain of the Beechwood Entities, Feuer, Taylor, Levy, and Narain's breach of their fiduciary duties to SHIP, aided and abetted fraud on SHIP, to SHIP's detriment, and was a central figure in the conspiracy.

23. **Third-Party Defendant Murray Huberfeld** ("Huberfeld") is a resident of Lawrence, New York. Huberfeld is also a founder of Platinum Management and was instrumental in Beechwood's creation. Huberfeld was also responsible for the solicitation of the initial funds that seeded Beechwood. Huberfeld was a direct or indirect owner of Beechwood at all relevant times through, among other vehicles, several of the BRILLC Series Entities and Beechwood Trust Nos. 15-19. Each of Huberfeld's five children is named as a beneficiary of one of those trusts, granting him beneficial ownership. Huberfeld maintained an office, phoneline, and computer at Beechwood's offices and was provided a full-time secretary. Huberfeld directed many of the private loans into which Beechwood invested SHIP's assets, including to business and social acquaintances. Huberfeld was one of the masterminds of the Platinum-Beechwood Scheme, had knowledge of all aspects of the scheme, and took material steps to further the Platinum-Beechwood Scheme to the detriment of SHIP. As such, Huberfeld aided and abetted certain of the Beechwood Entities, Feuer, Taylor, Levy, and Narain's breach of their fiduciary duties to SHIP, aided and

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[12] "Criminal Indictment" means *U.S. v. Nordlicht, et al.*, 16-cr-640 (E.D.N.Y.).

[13] "SEC Complaint" means *SEC v. Platinum Management (NY) LLC, et al.*, 16-cv-6848 (E.D.N.Y.).

abetted fraud on SHIP, to SHIP's detriment, and was a central figure in the conspiracy. Huberfeld was arrested on June 8, 2016 in connection with attempting to bribe a union official to invest in Platinum. His arrest created a domino effect that eventually led to the revelation of the Platinum-Beechwood Scheme. Unfortunately, by the time the deceptions became apparent, SHIP had already been significantly harmed. On May 25, 2018, Huberfeld pled guilty to the charge of conspiracy to commit wire fraud. On February 12, 2019, Huberfeld was sentenced to 30 months in prison, three years of supervised release, and ordered to pay restitution of $19 million.

24. **Third-Party Defendant David Bodner** ("Bodner") is a resident of Monsey, New York, and is also a founder of Platinum Management. Like Nordlicht and Huberfeld, Bodner played a key role in Beechwood's formation. Bodner was a direct or indirect owner of Beechwood at all relevant times. In particular, Bodner maintained ownership interests in Beechwood Holdings through Beechwood Trust Nos. 7-14, each of which named one of Bodner's eight children as the beneficiary, granting Bodner beneficial ownership. Bodner also indirectly owned preferred shares in Beechwood Re through Beechwood Re Investments, LLC Series C, which in turn was owned and controlled by Monsey Equities, LLC, a vehicle owned and controlled by Bodner's wife, Naomi Bodner. Bodner maintained control of Beechwood discreetly, generally using his secretary to communicate his instructions. [redacted] Saks dutifully agreed to the meeting. Bodner had significant involvement in several of the investments in which Beechwood placed SHIP's assets. [redacted] Bodner was one of the masterminds

of the Platinum-Beechwood Scheme, had knowledge of all aspects of the Platinum-Beechwood Scheme, and took material steps to further the Platinum-Beechwood Scheme to the detriment of SHIP. As such, Bodner aided and abetted certain of the Beechwood Entities, Feuer, Taylor, Levy, and Narain's breach of their fiduciary duties to SHIP, aided and abetted fraud on SHIP, to SHIP's detriment, and was a central figure in the conspiracy.

25. **Third-Party Defendant Platinum Management (NY) LLC** ("Platinum Management") is, and at all times material to the allegations in this pleading was, a Delaware limited liability company with its principal place of business in New York, New York. Platinum Management was the general partner of PPVA. Platinum Management was founded and owned by Nordlicht, Huberfeld, and Bodner. Platinum Management was responsible, through its investment, risk, and valuation committees—and with significant input from Huberfeld and Bodner—for setting the valuations of PPVA's investments, which it knowingly overvalued in order to collect performance fees and lure in investors in search for outsized returns. Platinum Management is an alter ego of Nordlicht, Huberfeld, and Bodner, having been dominated and controlled by them for the purpose of inflating investment valuations and collecting profit based on those valuations. It was also used to effect transactions with Beechwood for the benefit of Platinum, with no regard to SHIP or other Beechwood clients on the other side of those transactions. Platinum Management was created as an asset protection vehicle for use in siphoning off and secreting the ill-gotten gains from the Co-Conspirators' Platinum-Beechwood Scheme in order to place them beyond the reach of their creditors. Platinum Management had knowledge of all aspects of the Platinum-Beechwood Scheme, and took material steps to further the Platinum-Beechwood Scheme to the detriment of SHIP. As such, Platinum Management aided and abetted certain of the Beechwood Entities, Feuer, Taylor, Levy, and Narain's breach of their fiduciary

duties to SHIP, aided and abetted fraud on SHIP, to SHIP's detriment, and played a key role in the conspiracy.

26. **Third-Party Defendants Beechwood Trusts Nos. 1-20** (collectively, the "Beechwood Trusts") are trusts that were created for the purpose of holding ownership interests in Beechwood Holdings and BBL through generically named entities on behalf of Nordlicht, Bodner, Huberfeld, and Levy. The Beechwood Trusts collectively owned a total of approximately 70% of the common stock of Beechwood Re through Beechwood Holdings and approximately 70% of the common stock of BBIL through BBL. [14]

a. **Third-Party Defendants Beechwood Trust Nos. 1-6** were beneficially owned by the children of Nordlicht. The trusts served as alter egos for Nordlicht through which he exerted influence and control over Beechwood Re and BBIL. Each of these trusts is an alter ego of Mark Nordlicht, having been dominated and controlled by him for the purpose of concealing his ownership and control of Beechwood Holdings and BBL. Nordlicht created the trusts as asset protection vehicles for use in siphoning off and secreting the ill-gotten gains from the Platinum-Beechwood Scheme in order to place them beyond the reach of his creditors.

b. **Third-Party Defendants Beechwood Trust Nos. 7-14** were beneficially owned by the children of Bodner. The trusts served as alter egos for Bodner through which he exerted influence and control over Beechwood Re and BBIL. Each of these trusts is an alter ego of Bodner, having been dominated and controlled by him for the purpose of concealing his ownership and control of Beechwood Holdings and BBL. Bodner created the trusts as asset protection vehicles for use in siphoning off and secreting the ill-gotten gains from the Platinum-Beechwood Scheme in order to place them beyond the reach of his creditors.

c. **Third-Party Defendants Beechwood Trust Nos. 15-19** were beneficially owned by the children of Huberfeld. The trusts served as alter egos for Huberfeld through which he exerted influence and control over Beechwood Re and BBIL. Each of these trusts is an alter ego of Huberfeld, having been dominated and controlled by him for the purpose of concealing his

[14] The records produced to date do not show a consistent ownership percentage, but generally shows Nordlicht, Bodner, Huberfeld, and Levy's beneficial ownership to be approximately 70%, and always a majority.

ownership and control of Beechwood Holdings and BBL. Huberfeld created the trusts as asset protection vehicles for use in siphoning off and secreting the ill-gotten gains from the Platinum-Beechwood Scheme in order to place them beyond the reach of his creditors.

d. **Third-Party Defendant Beechwood Trust No. 20 a/k/a the David I Levy Beechwood Trust** was beneficially owned by David Levy. The trust served as an alter ego for Levy through which he exerted influence and control over Beechwood Re and BBIL. Originally the trust was known as the David I Levy Beechwood Trust, but after Levy left Beechwood to go back to Platinum, the name was changed to Beechwood Trust No. 20. Beechwood Trust No. 20 is an alter ego of David Levy, having been dominated and controlled by him for the purpose of—at varying points—both highlighting and concealing his ownership and control of Beechwood Holdings and BBL. Levy created the trust as an asset protection vehicle for use in siphoning off and secreting the ill-gotten gains from the Platinum-Beechwood Scheme in order to place them beyond the reach of his creditors.

27. **Crossclaim Defendant Feuer Family Trust** was created to hold Mark Feuer's ownership interest in Beechwood Holdings and BBL. Through the Feuer Family Trust, Mark Feuer owned approximately 20% of the common stock of Beechwood Holdings and BBL. The Feuer Family Trust is an alter ego of Mark Feuer, having been dominated and controlled by him for the purpose of highlighting his ownership and control of Beechwood Holdings and BBL, in contrast to the generically named Beechwood Trusts used to hide the ownership of those who truly controlled the Beechwood Entities. Feuer used the trust as an asset protection vehicle for use in siphoning off and secreting the ill-gotten gains from the Platinum-Beechwood Scheme in order to place them beyond the reach of his creditors.

28. **Crossclaim Defendant Taylor-Lau Family Trust**[15] was created to hold Scott Taylor's ownership interest in Beechwood. Through the Taylor-Lau Family Trust, Scott Taylor owned approximately 10% of the common stock of Beechwood Holdings and BBL. The Taylor-

[15] "Beechwood Owner Trusts" means the Beechwood Trusts, the Feuer Family Trust, the Taylor-Lau Family Trust, and the BAM trusts.

Lau Family Trust is an alter ego of Scott Taylor, having been dominated and controlled by him for the purpose of highlighting his ownership and control of Beechwood Holdings and BBL, in contrast to the generically named Beechwood Trusts used to hide the ownership of those who truly controlled the Beechwood Entities. Taylor created the trust as an asset protection vehicle for use in siphoning off and secreting the ill-gotten gains from the Platinum-Beechwood Scheme in order to place them beyond the reach of his creditors.

29. **Non-Party Beechwood Re Investments, LLC** ("BRILLC") is a Delaware series LLC, with its principal place of business in Hewlett, New York, and which is made up of nine individual series denominated with the letters A-I. [redacted] BRILLC is wholly owned by Platinum Insiders[16] and not affiliated with Beechwood, save the name, which was used for the specific purpose to deceive inquisitive parties. BRILLC is a named Defendant in the SHIP Action.

30. **Third-Party Defendants BRILLC Series A through BRILLC Series I** (collectively, the "BRILLC Series Entities") are the nine segregated entities that comprise the BRILLC series. Each of the BRILLC Series Entities is 100%-owned and controlled, respectively, by Nordlicht, Bodner, or Huberfeld—or some combination of them—through entities under their ownership and control, through entities under the ownership and control of their family members, or through an individual family member. The BRILLC Series Entities are the alter egos of their

[16] "Platinum Insiders" means Nordlicht, Huberfeld, Bodner, Levy, Small, Landesman, SanFilippo, Manela, Steinberg, Saks, Beren, Ottensoser, Slota, Fuchs, and Kim.

respective owners, who in turn are controlled by the Nordlicht, Huberfeld, and Bodner.

By masking their ownership and control of the BRILLC Series Entities through generic naming conventions, Nordlicht and Bodner used the BRILLC Series Entities to hide the ownership of those who truly controlled Beechwood to promote the secrecy and deception that protected the scheme.

31. Third-Party Defendants BRILLC Series Entities collectively owned all of the preferred stock in Beechwood Re, BBL, BBIL, and BAM. Each of the BRILLC Series entities served as an alter ego of Nordlicht, Bodner, or Huberfeld—or some combination thereof—and were used for the purpose of concealing their ownership interests in Beechwood. The Third-Party Defendants that directly owned the membership interests of each BRILLC Series Entities are collectively referred to as the "BRILLC Series Members." Each of the BRILLC Series entities and the BRILLC Series Members is an alter ego of their respective beneficial owners, having been dominated and controlled by them for the purpose of concealing their ownership and control of the Beechwood Entities. Additionally, each was used as an asset protection vehicle for use in siphoning off and secreting the ill-gotten gains from the Platinum-Beechwood Scheme in order to place them beyond the reach of the respective owners' creditors.

32. **Third-Party Defendant Dahlia Kalter** ("Kalter") is, and at all times material to these claims was, a resident of New Rochelle, New York. [redacted] Dahlia Kalter is an alter ego of her husband Mark Nordlicht, having been dominated and controlled by him for the purpose of concealing his control and ownership of the Beechwood Entities and furthering the Platinum-Beechwood Scheme.

33. **Third-Party Defendant N Management LLC** ("N Management") is, and at all times material to these claims was, a Delaware limited liability ("N Management") is, and at all times material to these claims was, a Delaware limited liability company with its principal place of business in New York, New York. [redacted] N Management was and is an

alter ego of, at varying times, Mark Nordlicht and Mark Feuer, having been dominated and controlled by them for the purpose of concealing their ownership and control of the Beechwood Entities. N Management also served as an asset protection vehicle for use in siphoning off and secreting the ill-gotten gains from the Co-Conspirators' Platinum-Beechwood Scheme in order to place them beyond the reach of their creditors. N Management had knowledge of all aspects of the Platinum-Beechwood Scheme, and took material steps to further that scheme to the detriment of SHIP. N Management was integral to the initial purported capitalization of Beechwood Re and BBIL. As such, N Management aided and abetted certain of the Beechwood Entities, Feuer, Taylor, Levy, and Narain's breach of their fiduciary duties to SHIP, aided and abetted fraud on SHIP, to SHIP's detriment, and played a key role in the conspiracy.

34. **Third-Party Defendants Beechwood Global Distribution Trust, Feuer Family 2016 ACQ Trust,** and **Taylor-Lau Family 2016 ACQ Trust** (collectively, the "2016 Acquisition Trusts") were trusts created and used for the purpose of furthering the fraudulent schemes of Feuer, Taylor, Levy, Nordlicht, Huberfeld, and Bodner. [redacted] The 2016 Acquisition Trusts were alter egos of the Nordlicht, Huberfeld, and Bodner having been dominated and controlled by them for the purpose of concealing their ownership and control of the Beechwood Entities, and transferring ownership for appearances without adversely affecting the their economic benefit. Feuer and Taylor created the 2016

Acquisition Trusts as asset protection vehicles for use in siphoning off and secreting the ill-gotten gains from the Co-Conspirators' Platinum-Beechwood Scheme in order to place them beyond the reach of their creditors.

35. **Third-Party Defendant Elliot Feit** ("Feit") is, and at all times material to these claims was, a resident of New York, and was BAM I's CFO. Feit was responsible for calculating any performance fees to which any of the Beechwood Advisors were allegedly entitled, for submitting the performance fee requests to SHIP, and for responding to requests from SHIP for information about those requests. As discussed below, all of the performance fee requests submitted by Feit or others were false, in that each request was based on inflated valuations of the investment assets within the SHIP IMA Accounts that the Beechwood Advisors managed. Because of Feit's position as an officer within Beechwood and his day-to-day involvement in the operations and finances at the Beechwood Advisors, he understood that the investment valuations reported to SHIP and others were materially inflated. Feit was on the Finance Committee and made monthly presentations to the board on the financial performance of the Beechwood, Advisors including the assets under the IMAs. Feit also worked with the valuation firms to get confirmation of Beechwood's inflated valuations. Feit had actual knowledge of all aspects of the Platinum-Beechwood Scheme and took material steps to further its ill goals, to the detriment of SHIP. As such, Feit aided and abetted certain of the Beechwood Entities, Feuer, Taylor, Levy, and Narain's breach of their fiduciary duties to SHIP, aided and abetted fraud on SHIP, to SHIP's detriment, and played a key role in the conspiracy.

36. **Non-Party Dhruv Narain** ("Narain") is, and at all times material to the allegations in this pleading was, a resident of Purchase, New York. Narain took over as Chief Investment Officer after Daniel Saks left the Beechwood Advisors. [redacted]

[redacted] Narain had actual knowledge of all aspects of the Platinum-Beechwood Scheme and took material steps to further its ill goals, to the detriment of SHIP. Narain is a named Defendant in the SHIP Action.

37. **Third-Party Defendant Daniel Saks** ("Saks") is, and at all times material to these claims was, a resident of Teaneck, New Jersey. Until 2014, Saks worked as a portfolio manager at Platinum Management in New York. During 2014, Saks began working at BAM, although he was still also working for PPVA/Platinum Management. At the end of 2014, Daniel Saks replaced Levy as Chief Investment Officer for BAM subsequent to Levy's return to Platinum Management, and later served as BAM's President. Saks routinely received and was involved in commenting on the third-party valuation reports sent to BAM that included inflated valuations of the Beechwood transactions with PPVA. Based on Saks' position and involvement at the Beechwood Advisors, he understood that its investment valuations as reported to SHIP and others were materially inflated. Saks was instrumental to the Beechwood Advisor's involvement in numerous Platinum-related investments, and acted as signatory on behalf of various Beechwood Entities in connection with several of the transactions among the Beechwood Entities and PPVA. For example, Saks was involved in orchestrating the January 2015 Montsant transaction and executed the transaction documents on behalf of BAM. Saks similarly was involved in negotiating amendments to the Golden Gate Oil transaction documents. Saks had actual knowledge of all aspects of the Platinum-Beechwood Scheme and took material steps to further its ill goals, to the detriment of SHIP. As such, Saks aided and abetted certain of the Beechwood Entities, Feuer,

Taylor, Levy, and Narain's breach of their fiduciary duties to SHIP, aided and abetted fraud on SHIP, to SHIP's detriment, and played a key role in the conspiracy.

38. **Third-Party Defendant the Estate of Uri Landesman** (the "Landesman Estate") represents the interests of the late Uri Landesman ("Landesman"), who at all times material to these claims was a resident of New Rochelle, New York until his death on September 14, 2018. A former president and managing partner of Platinum Management, Landesman was indicted prior to his death on federal securities fraud charges in connection with his role in the Platinum Ponzi scheme. Landesman was also a member of Platinum Management's risk and valuation committees, which gave him significant control over and insight into the value of Platinum's Management's investments. As a member of the valuation committee, Landesman participated in the scheme to overstate the value of PPVA's holdings, which Beechwood ultimately used to deceive SHIP regarding the value of SHIP's investments. Landesman also was engaged in customer-sourcing and locating investment opportunities. Landesman had actual knowledge of all aspects of the Platinum-Beechwood Scheme and took material steps to further its ill goals, to the detriment of SHIP. As such, Landesman aided and abetted certain of the Beechwood Entities, Feuer, Taylor, Levy, and Narain's breach of their fiduciary duties to SHIP, aided and abetted fraud on SHIP, to SHIP's detriment, and played a key role in the conspiracy.

39. **Third-Party Defendant Daniel Small** ("Small") is, and at all times material to these claims was, a resident of New York, New York. Small was an employee of Platinum Management from 2007 until July 2015, and served as Platinum Management's Managing Director. Together with Levy, Small served as portfolio manager for, among others, PPVA's investments in Implant Sciences and China Horizon until he left Platinum Management in July 2015. Small's compensation as portfolio manager was based in part on increases to the value of

the assets he managed, so he profited from the inflated values ascribed to those assets. A federal grand jury sitting in the Eastern District of New York returned a Criminal Indictment against Small for securities fraud, advisor fraud, and wire fraud in connection with his role in the Platinum-Beechwood Scheme. His trial was separated from the criminal defendants who are standing trial at the time of this filing, and he will be tried at a later date. The SEC has also named Small as a defendant in the SEC Complaint. Small had actual knowledge of all aspects of the Platinum-Beechwood Scheme and took material steps to further its ill goals, to the detriment of SHIP. As such, Small aided and abetted certain of the Beechwood Entities, Feuer, Taylor, Levy, and Narain's breach of their fiduciary duties to SHIP, aided and abetted fraud on SHIP, to SHIP's detriment, and played a key role in the conspiracy.

40. **Third-Party Defendant Joseph SanFilippo** ("SanFilippo") is, and at all times material to these claims was, a resident of Freehold, New Jersey. SanFilippo served as PPVA's Chief Financial Officer at all relevant times. SanFilippo also served as a member of Platinum Management's valuation and risk committees at all relevant times. In his capacity as Chief Financial Officer and member of the valuation and risk committees, SanFilippo played an instrumental part in the systematic overvaluation of PPVA's assets, which in turn led to the overvaluation of the Beechwood Advisor's investments on SHIP's behalf. SanFilippo was responsible for, among other things, the creation of false financial disclosure documents for PPVA. SanFilippo also had responsibility for communicating with PPVA's auditors, third party valuation providers, and fund administrators and did so on a routine basis. SanFilippo also was involved in preparing the documents and information necessary to complete the March 2016 Restructuring and particularly the transfer of assets to PPCO. These various reports helped to inflate investment values, including values of many investments sold to SHIP. A federal grand jury sitting in the

Eastern District of New York returned a Criminal Indictment against SanFilippo for securities fraud, advisor fraud, and wire fraud in connection with his role in the Platinum-Beechwood Scheme. That criminal trial is ongoing at the time of this filing. The SEC has also named SanFilippo as a defendant in the SEC Complaint. SanFilippo had actual knowledge of all aspects of the Platinum-Beechwood Scheme and took material steps to further its ill goals, to the detriment of SHIP. As such, SanFilippo aided and abetted certain of the Beechwood Entities, Feuer, Taylor, Levy, and Narain's breach of their fiduciary duties to SHIP, aided and abetted fraud on SHIP, to SHIP's detriment, and played a key role in the conspiracy.

41. **Third-Party Defendant David Ottensoser** ("Ottensoser") is, and at all times material to these claims was, a resident of Woodmere, New York. Ottensoser served as General Counsel and Chief Compliance Officer for Platinum Management and PPVA. Ottensoser was in-house counsel responsible for documenting many of the related-party transactions in which the Beechwood Advisors caused SHIP to invest. Ottensoser also was involved in creating the Beechwood Entities and worked as General Counsel for certain of the Beechwood Entities during their initial stages, providing legal services to certain of the Beechwood Entities and PPVA even when both parties ostensibly were on opposite sides of a transaction. In his capacity as General Counsel of Platinum Management, PPVA, and certain of the Beechwood Entities, Ottensoser was aware of the conflicts between those entities and arising out of the related-party transactions. As a member of the risk committee, Ottensoser was responsible for assessing the risk associated with PPVA's assets and investments, and such risk assessment materially affected the value of such assets and investments. As a lawyer advising both Platinum and Beechwood, he was responsible for understanding the conflicts and improprieties in the concealed relationships and undisclosed related-party transactions that characterized the Platinum-Beechwood Scheme. Ottensoser had

actual knowledge of all aspects of the Platinum-Beechwood Scheme and took material steps to further its ill goals, to the detriment of SHIP. As such, Ottensoser aided and abetted certain of the Beechwood Entities, Feuer, Taylor, Levy, and Narain's breach of their fiduciary duties to SHIP, aided and abetted fraud on SHIP, to SHIP's detriment, and played a key role in the conspiracy.

42. **Third-Party Defendant Ezra Beren** ("Beren") is, and at all times material to these claims was, a resident of New York, New York. Beren is the son-in-law of Murray Huberfeld. From March 2007 until December 2015, Beren served as Vice President of Platinum Management. In January 2016, Beren was hired by BAM. [redacted] Due to his management roles with Platinum Management and BAM, Beren was heavily involved in numerous aspects of the conspiracy, including the misrepresentation

of PPVA's NAV, the creation of the Beechwood Entities, and the series of transactions between the Beechwood Entities and PPVA, including the Pedevco investments. Beren had actual knowledge of all aspects of the Platinum-Beechwood Scheme and took material steps to further its ill goals, to the detriment of SHIP. As such, Beren aided and abetted certain of the Beechwood Entities, Feuer, Taylor, Levy, and Narain's breach of their fiduciary duties to SHIP, aided and abetted fraud on SHIP, to SHIP's detriment, and played a key role in the conspiracy.

43. **Third-Party Defendant Naftali Manela** is, and at all times material to these claims was, a resident of Brooklyn, New York. Manela worked interchangeably at Platinum Management and certain of the Beechwood Entities, assisting the Nordlicht, Huberfeld, Bodner, Levy, Feuer, and Taylor in orchestrating much of the Platinum-Beechwood Scheme, and the Agera Transactions. Manela was a member of the Platinum Management valuation committee, and in that capacity was responsible for assessing the value of PPVA's assets. Manela was involved in every aspect of the Platinum-Beechwood Scheme. Like Beren, Manela served in dual roles at the Beechwood Entities and Platinum Management, but concealed this fact from SHIP and others. Manela frequently provided consulting services to the Beechwood Entities and at the same time was PPVA's Chief Operating Officer and a member of its valuation committee. In his capacity as Chief Operating Officer, he was responsible for all facets of PPVA's business. He also worked closely with, among others, Nordlicht, Bodner, Huberfeld, and Levy, as well as portfolio managers such as Small and Steinberg, to structure PPVA's investments, including a number of investments that involved funds provided by SHIP to the Beechwood Advisors. Manela pled guilty in 2016 to criminal charges of conspiracy to commit securities fraud and has testified in the criminal trial of Nordlicht, Levy, and SanFilippo as a cooperating witness for the prosecution. Manela testified that he "helped Mark Nordlicht and David Levy and Joe SanFilippo, all of us together with not

telling the investors the true state of what was happening at Platinum during 2015 and the lack of liquidity, the lack of cash that was at Platinum at the time." He also testified that: "During 2014 some of the founders of Platinum opened the company called Beechwood, along with two other individuals, and David Levy left Platinum and became the chief investment officer of this Beechwood company." When asked why Manela left Platinum Management in 2015 he testified: "Mark was contemplating a restructuring between Platinum and Beechwood where -- when Beechwood, this reinsurance company that was started back in 2014, a number of Platinum positions, investments were sold off to Beechwood plus Beechwood had made loans to Platinum so there were a number of positions that were -- that had transferred, that had changed hands between Platinum and Beechwood, plus there were monies that were owed by Platinum to Beechwood and Mark was trying to restructure the whole relationship between Platinum and Beechwood." Manela had actual knowledge of all aspects of the Platinum-Beechwood Scheme and took material steps to further its ill goals, to the detriment of SHIP. As such, Manela aided and abetted certain of the Beechwood Entities, Feuer, Taylor, Levy, and Narain's breach of their fiduciary duties to SHIP, aided and abetted fraud on SHIP, to SHIP's detriment, and played a central role in the conspiracy.

44. **Third-Party Defendant Hokyong Kim a/k/a Stewart Kim** ("Kim") is, and at all times material to these claims was, a resident of Manhasset, New York. Like others, Kim served in dual roles at certain of the Beechwood Entities and Platinum Management. Kim was a senior manager of Platinum Management. Starting in November 2013, Kim misrepresented himself and other Platinum Management employees to WNIC and BCLIC as the Chief Risk Officer for Beechwood Re and BAM, demonstrating his understanding of the need for secrecy and concealment of the Platinum-Beechwood Scheme and Platinum Management's control over the

Beechwood Entities. Kim also allowed other Co-Conspirators to misrepresent his employment with Beechwood Re and BAM without correction. At the time, Beechwood Re and BAM did not have a Chief Risk Officer, despite marketing materials claiming otherwise. Kim acted as Beechwood Re and BAM's Chief Risk Officer, while still employed by Platinum Management, until January 2015, when he officially became a full-time employee of Beechwood Re and BAM, having been hired by Feuer and Taylor as the Beechwood Re and BAM's Chief Risk Officer. Kim had actual knowledge of all aspects of the Platinum-Beechwood Scheme and took material steps to further its ill goals, to the detriment of SHIP. [redacted] As such, Kim aided and abetted certain of the Beechwood Entities, Feuer, Taylor, Levy, and Narain's breach of their fiduciary duties to SHIP, aided and abetted fraud on SHIP, to SHIP's detriment, and played a key role in the conspiracy.

45. **Third-Party Defendant Will Slota** ("Slota") is currently a resident of California, and at all times material to these claims was, a resident of New York and was a senior manager of Platinum Management who, starting in November 2013, misrepresented himself to WNIC and BCLIC as the Chief Operating Officer of Beechwood Re and BAM. He was not alone in making this misrepresentation. His Co-Conspirators misrepresented Slota as the Chief Operating Officer of Beechwood Re and BAM all while he remained employed as a senior manager of Platinum Management. Slota and the Co-Conspirators lived this lie for several years, starting in November 2013, when Slota's paychecks were coming from Platinum Management. Slota was integral to the formation of the Beechwood Entities. He helped organize the tasks necessary to open bank accounts, brokerage accounts, and corporate documents. [redacted]

[redacted] Slota served as the enforcer within the integrated Platinum-Beechwood conspiracy for maintaining the deception that the Beechwood Entities had no connection with Platinum, ensuring that the Co-Conspirators who were misrepresenting themselves as certain of the Beechwood Entities' officers and managers did NOT use their "@platinumlp" domain (or otherwise convey evidence of their Platinum affiliation) when communicating with those outside of the conspiracy. Slota was also the point person responsible for finding and hiring a valuation firm that would make the Beechwood Advisors' investments in Platinum Funds and Platinum-related entities appear legitimate to the outside world. Slota had actual knowledge of all aspects of the Platinum-Beechwood Scheme and took material steps to further its ill goals, to the detriment of SHIP. As such, Slota aided and abetted certain of the Beechwood Entities, Feuer, Taylor, Levy, and Narain's breach of their fiduciary duties to SHIP, aided and abetted fraud on SHIP, to SHIP's detriment, and played a key role in the conspiracy.

46. **Third-Party Defendant Bernard Fuchs, a/k/a Berish Fuchs** ("Fuchs"), is, and at all times material to these claims was, a resident of Lawrence, New York. Fuchs is the direct or indirect holder of ownership interests in Platinum Management. As such, he personally benefited from the inflated distributions, fees, and other payments made by PPVA to Platinum Management. Fuchs did not have an official title, but nevertheless had day-to-day involvement in the management and operations of Platinum Management and PPVA. Among other things, Fuchs was involved in meeting with and marketing to important investors, dealing with issues concerning liquidity and redemptions, and developing business and investment strategy for PPVA. Fuchs took part in meetings with attorneys, investors, and investment partners related to the operation and

management of PPVA and various transactions concerning SHIP. He also was aware of and participated in the planning, marketing, and execution of various aspects of those transactions, such as assisting in the planning of the Agera Transactions. [redacted] Fuchs had actual knowledge of all aspects of the Platinum-Beechwood Scheme and took material steps to further its ill goals, to the detriment of SHIP. As such, Fuchs aided and abetted certain of the Beechwood Entities, Feuer, Taylor, Levy, and Narain's breach of their fiduciary duties to SHIP, aided and abetted fraud on SHIP, to SHIP's detriment, and played a key role in the conspiracy.

47. **Third-Party Defendant David Steinberg** ("Steinberg") is, and at all times material to these claims was a resident of New York, and was, at various times, a portfolio manager, investment advisor, and co-chief risk advisor for PPVA, and was at all relevant times a member of the valuation committee that had overall responsibility for valuing PPVA's assets. Steinberg was integrally involved in nearly all aspects of the Platinum-Beechwood Scheme. He began working as a co-investment advisor to BAM in 2014, for which he was paid significant performance fees. Steinberg participated in the Platinum Management valuation committee meetings and help set the inflated PPVA valuations, which caused the inflated valuations

represented by the Beechwood Advisors. Steinberg had actual knowledge of all aspects of the Platinum-Beechwood Scheme and took material steps to further its ill goals, to the detriment of SHIP. As such, Steinberg aided and abetted certain of the Beechwood Entities, Feuer, Taylor, Levy, and Narain's breach of their fiduciary duties to SHIP, aided and abetted fraud on SHIP, to SHIP's detriment, and played a key role in the conspiracy.

48. **Third-Party Defendant Michael Joseph Nordlicht** is the nephew of Mark Nordlicht and at all times material to these claims was a resident of West Hempstead, New York. In or about 2014, Mark Nordlicht installed Michael Nordlicht as in-house counsel for Agera Energy, LLC ("Agera Energy"), even though he had only recently graduated from law school. Before the series of transactions involving Agera Energy discussed below, Michael Nordlicht held a 95.01% indirect equity interest in Agera Energy, although it is unclear what consideration, if any, he paid for that controlling interest. Michael Nordlicht participated in meetings with SHIP to discuss the Agera Transactions. He participated directly in the closing of those transactions to the detriment of SHIP. Michael Nordlicht had actual knowledge of all aspects of the Platinum-Beechwood Scheme and took material steps to further its ill goals, to the detriment of SHIP. As such, he aided and abetted certain of the Beechwood Entities, Feuer, Taylor, Levy, and Narain's breach of their fiduciary duties to SHIP, aided and abetted fraud on SHIP, to SHIP's detriment, and played a key role in the conspiracy.

49. **Third-Party Defendant Kevin Cassidy** ("Cassidy") is, and at all times material to these claims was, a resident of Briarcliff Manor, New York. In 2007, Optionable Inc., a fund co-founded by Cassidy and affiliated with Nordlicht, collapsed after Cassidy was arrested for deliberately misstating the value of Optionable, Inc.'s natural gas derivatives. Cassidy, who had served two prior stints in prison, was sentenced to be incarcerated for 30 months. When Cassidy

was released from prison in 2014, Nordlicht, Bodner, and Huberfeld installed him as the managing director of Agera Energy. Cassidy was intimately involved in all aspects of the Agera Transactions and participated in meetings with SHIP related to the transactions. In 2016, when the Beechwood Advisors were soliciting SHIP to participate as an unwitting victim in the June 2016 Agera Transactions where SHIP's fresh cash of $50 million or more was needed to advance the scheme, Cassidy met with Wegner and Lorentz of SHIP when they visited New York before the deal, and Cassidy joined in the effort to solicit SHIP on the false premise that the proposed deal was a legitimate transaction when in fact SHIP was duped, as he fully understood. Cassidy had actual knowledge of numerous aspects of the Platinum-Beechwood Scheme and took material steps to further its ill goals, to the detriment of SHIP. As such, Cassidy aided and abetted certain of the Beechwood Entities, Feuer, Taylor, Levy, and Narain's breach of their fiduciary duties to SHIP, aided and abetted fraud on SHIP, to SHIP's detriment, and played a key role in the conspiracy.

JURISDICTION AND VENUE

50. This Court has jurisdiction over this matter under 28 U.S.C. § 1332(a). The Court has supplemental jurisdiction of the matters set forth in this pleading pursuant to 28 U.S.C. § 1367, in that SHIP's claims are so related to the Receiver's claims in this action, which claims are within the Court's original jurisdiction, that they form part of the same case or controversy under Article III of the United States Constitution. SHIP's claims in this pleading also are so related to the claims in the PPVA Complaint and SHIP Action (and within the original jurisdiction of the Court in the PPVA Action and SHIP Action) that they form part of the same case or controversy under Article III of the United States Constitution.

51. Venue is proper in this Court pursuant to 28 U.S.C. §1391(b)(2) because a substantial part of the events, actions, or omissions giving rise to the dispute occurred in this district.

FACTUAL BACKGROUND

A. The Development of the Platinum-Beechwood Scheme

52. As has become evident from the Criminal Indictments, the SEC Complaint, the PPVA Complaint, the PPCO Complaint, and investigative news reports, Platinum operated a massive Ponzi-like investment fraud scheme through which its founders and senior managers made more than $100 million in fees, and likely far more in manipulated investment returns, before it began to collapse under the weight of its own greed.

53. The Platinum enterprise was founded in or about 2001 by Nordlicht, Huberfeld, and Bodner with the formation of Platinum Management. Platinum Management was created to serve as general partner of PPVA and PPCO formed between 2003 and 2005.

54. Between 2003 and 2015, Platinum Management consistently reported substantial, positive returns to its investors, with the Platinum Funds purportedly gaining an average of 17% annually during that time period. Those alleged returns would later turn out to have been grossly overstated. Platinum created the illusion of successful investing by posting phony valuation figures for its investments, which led to high paper returns that bore little relation to reality, thereby continuing to attract new investors and fresh money both to satisfy the redemption requests of old investors and to line the pockets of Platinum Insiders.

55. By 2012, several of Platinum's flagship investments were failing—and it was imperative that Nordlicht, Huberfeld, and Bodner find fresh sources of investment dollars. Their options were limited, however, by their won checkered reputations. Institutional investors such as

insurers and investment funds were unwilling to invest in Platinum or other funds in which they were involved.

56. For example, Nordlicht has an extensive history as a speculative investor in companies and individuals with less-than-stellar track records.

57. According to one April 2016 Reuters report, Nordlicht invested in "a consumer finance company repeatedly fined for predatory lending before and after Platinum's involvement, a pair of investments that turned out to be Ponzi schemes, and two energy companies that later went bankrupt and are facing criminal charges."

58. As one particularly egregious example, another fund that Nordlicht owned, Optionable Inc., collapsed in 2007 in a trading scandal involving one of its co-founders, Kevin Cassidy. For his role in the scheme, Cassidy was arrested in 2010 and charged with two counts each of securities fraud and wire fraud, one count of conspiracy to commit wire fraud and make false bank entries, and one count of aiding and abetting the making of false bank entries. Pursuant to a plea deal, he was sentenced to 30 months in prison in August 2011. When he was later released in 2014, Cassidy was installed as the managing director of Agera at Nordlicht's behest, and would later receive a multi-million dollar windfall for no consideration in connection with Agera's sale.

59. Huberfeld and Bodner also have sordid pasts in the securities industry stretching back decades. In 1990, for example, Huberfeld and Bodner both pled guilty to criminal charges of false identification with intent to defraud after they were shown to have hired impostors to take the Series 7 securities broker examination in their place.

60. Huberfeld also was the target of SEC administrative proceedings stemming from various violations of federal securities laws in 1996. In those proceedings, Huberfeld and his then-firm, Broad Capital Associates, Inc., were accused of buying unregistered shares of a Canadian

company at a discount and misrepresenting the purchase as a loan. Huberfeld ultimately entered into a consent order with the SEC pursuant to which Huberfeld was found to have violated Section 5 of the Securities Act and was ordered to disgorge over $425,000 in profits and interest. The consent order identifies Bodner as Broad Capital's other founder and shareholder, along with Huberfeld.

61. A mere two years later, Broad Capital, Huberfeld, and Bodner again were in the SEC's crosshairs, this time for approximately 513,000 shares of restricted stock they had received as collateral for a loan, which shares they then sold for a profit of $3.7 million. In connection with that transaction, the SEC filed a complaint in federal district court in Los Angeles, alleging a laundry list of violations of federal securities laws. Rather than contest the SEC's allegations, Huberfeld and Bodner agreed to a settlement pursuant to which they disgorged all profits from the sale plus interest, for a total of $4,694,125, along with individual civil penalties of $15,000.

62. This background helps explain why Beechwood was conceived by the Platinum Insiders, along with Feuer and Taylor, as a mechanism to solve the Platinum's cash problems. Recognizing that they could not get direct access to insurance company investment assets, in or around early 2013, Nordlicht, Huberfeld, and Bodner, along with Levy, Feuer and Taylor devised a scheme to gain indirect access under the guise of reinsurance.

63. Specifically, in early 2013, Nordlicht, Huberfeld, Bodner, and Levy (referring to themselves as the "Nordlicht Group"), entered into a conspiracy with Feuer, Taylor, and Beechwood Capital Group (referring to themselves as the "Feuer Group") to establish a reinsurance company, Beechwood Re, and to use it as a vehicle to fraudulently induce insurers to entrust funds to Beechwood through reinsurance agreements or other contractual arrangements. Beechwood

would then invest those funds at the direction of Platinum, keeping Platinum afloat, generating fees, and enriching all of the Co-Conspirators.

[redacted]

65. The Nordlicht Group and the Feuer Group lost no time moving forward. By February 2013, the Feuer Group was already in discussion with potential targets.

66. On or about [redacted]

67. On or about April 17, 2013, Taylor prepared a memorandum that detailed the agreed plan for targeting insurers. The memorandum, which described Beechwood's corporate structure and purpose, was sent by Taylor to David Levy at his Platinum email address. In that memorandum, Taylor explained Beechwood's intent to "target . . . U.S.-based disability policies, long-term care policies, and potentially select types of annuity contracts" in light of their "high – but predictable – frequency, very low severity, and long pay-out periods." The memorandum further outlined Taylor's strategy to domicile Beechwood Re in the Cayman Islands. This was, in

fact, the basic blueprint followed by Platinum and Beechwood in going after WNIC, BCLIC, SHIP, and others.

68. As part of its application to become licensed as an insurer in the Cayman Islands, Levy executed initial due diligence documents on May 15, 2013 on behalf of Beechwood Re in accordance with the requirements of the Cayman Islands Monetary Authority. On May 30, 2013, Levy sent a draft term sheet for Beechwood Re to Nordlicht. In that term sheet, it was proposed that a yet-to-be-determined Levy-controlled entity would lend $100,000,000 to Beechwood Re as "seed capital on its balance sheet." That entity, in turn, would "have the right to approve any Reinsurance transaction [Beechwood Re] enters into until the [$100,000,000] is repaid in full."

69. The next day, Levy received an invoice from Beechwood Re to Platinum for filing, licensing, legal, and administrative services in connection with Beechwood Re's creation—i.e., Platinum was to be responsible for payment of those fees on Beechwood Re's behalf.

70. Further communications demonstrate Platinum's control over Beechwood Re's creation and business positioning. On June 4, 2013, for example, Feuer emailed Levy to inform him that he was "creating our Beechwood Re 'document'" concerning the company's investment guidelines. Then, on June 12, 2013, Taylor emailed Nordlicht to request Nordlicht's approval with respect to several potential business opportunities for Beechwood. In that email, Taylor assured Nordlicht that "we are being as aggressive as possible in filling the pipeline and working on deals . . . pushing all in hopes of getting one quickly."

71. On June 16, 2013, Taylor sent to Levy the "Beechwood Re document" that Feuer had previously promised—i.e., a client-facing presentation intended to explain the Beechwood business. That document describes Levy's experience at Platinum, but nowhere indicates that Levy would continue to work for Platinum while serving as an integral member of Beechwood's

management team. The document also does not mention Platinum's key role in Beechwood's formation, ownership, and control.

72. Further evidencing Platinum's central role in Beechwood's formation and control are June 20, 2013 emails among an attorney at Bryan Cave LLP, Levy, and Ottensoser, in which the creation of "Beechwood Re Investment LLC" is discussed. BRILLC was the entity that the Nordlicht, Huberfeld, and Bodner ultimately used to "capitalize" Beechwood Re with $100 million and, later, to capitalize BBIL with $75 million.

[redacted]

75. The relationship between Platinum and Beechwood was not disclosed to SHIP or other insurers (such as Defendants WNIC and BCLIC). To the contrary, the Co-Conspirators fabricated an entirely false narrative about the ownership and operation of Beechwood, as well as the process and procedures it allegedly employed in vetting and making investments on behalf of its clients, and went to extraordinary lengths to hide the relationship between Beechwood and Platinum. Beechwood presented itself to the investor world and to SHIP as a new and independent

entity founded and funded by its principals – Feuer, Taylor, and Levy – when in fact it was Platinum's vehicle to steer as it saw fit.

76. In addition to their knowledge that institutional investors would not permit Platinum or the Nordlicht Group to act as their investment advisors, a key element of the Platinum-Beechwood Scheme was for Beechwood to allow Platinum to direct the use of Beechwood's clients funds, including making investments directly in Platinum Funds or enabling Platinum to cash out of non-performing or overvalued investments, by selling them to Beechwood clients. In addition, Beechwood and Platinum each charged separate and duplicative investment, management and structuring fees. Beechwood's investments of SHIP funds with and through Platinum thus were undisclosed related-party transactions, a fact that should have been disclosed to the investor and that should have affected the reported valuation for such investments; in fact, the related-party nature of the deals remained unreported and was not factored into valuations.

77. For the Platinum-Beechwood Scheme to succeed, it was imperative that investors like SHIP never learn that Platinum and its insiders owned Beechwood and controlled Beechwood's investment decision and that virtually all key Beechwood personnel were either Platinum employees or loyal first to Platinum. Had investors like SHIP realized that Beechwood was not independent, exercised no care or discretion with respect to investments and, to the contrary, functioned as an instrumentality of Platinum, they would not have engaged or retained Beechwood as their reinsurer or investment advisor.

78. The Co-Conspirators agreed that Beechwood would misrepresent the persons who owned and controlled Beechwood, making sure never to divulge that Nordlicht, Huberfeld, or Bodner controlled Beechwood and had substantial ownership interests in the many Beechwood

Entities, particularly including Beechwood Re. To that end, they created a complex and elaborate ownership structure with the intent of confusing interested parties.

79. The Co-Conspirators expressly contemplated how to utilize Beechwood's intentionally complex structure to avoid revealing the Nordlicht Group's control over the investments to SHIP and other clients. [redacted]

80. The facts of Beechwood's formation demonstrate it to have been, from its inception, an instrumentality of Platinum's fraudulent scheme, with the Beechwood and Platinum Insiders all in on it, and SHIP and other Beechwood investors serving as their marks. Bodner confirmed as much in a July 29, 2015 email in which he acknowledged that the Beechwood Advisors were merely Platinum's "integrated" and that the connections between the entities were deliberately concealed from third parties. In that email, Bodner expressed his concern about the potential fallout if CNO, one of Beechwood's clients, learned that Beechwood was merely a front for Platinum, and that the two were essentially the same. Bodner acknowledged that Beechwood wasn't "exactly honest . . . about the original [investment] or that Beechwood and Platinum really are integrated." Bodner further warned that if that information were revealed, CNO might decide to pull all of its funds, which would have "mean[t] [B]eechwood would either implode or not be

able to function [financially] and may have to be dissolved . . . ." In other words, Bodner voiced what the Platinum Insiders all knew: that if Beechwood's investors, including SHIP, knew the truth about Platinum's clandestine control of Beechwood and the resultant improper investments, the entire scheme would collapse.

81. The Co-Conspirators over time created numerous entities comprising the Beechwood Entities for the sole purpose of instituting and executing the Platinum-Beechwood Scheme. All client-facing entities would use the Feuer Group's "Beechwood" branding, or some derivation of it, in order to conceal their true ownership and control.

82. The Beechwood Entities were alter egos of Platinum and the Co-Conspirators, and were at all times controlled by the Co-Conspirators to enrich themselves at SHIP's expense—pilfering hundreds of millions of dollars entrusted to them based on intentionally misleading representations and outright fraud.

i. Beechwood's Ownership Structure

83. The Beechwood Entities served as an artifice and vehicle for perpetrating the Co-Conspirators' fraudulent scheme. The Beechwood Entities were under the Co-Conspirators control, even though, with respect to the Nordlicht Group and the Platinum Insiders, that control was heavily camouflaged.

84. As was typical of all deals involving Beechwood and Platinum, the corporate structure of the Beechwood Entities was a dizzying maze of parents, subsidiaries, and affiliates, specifically conceived to confuse and conceal.

85. Two of the three main Beechwood Entities, Beechwood Re Holdings, Inc. and Beechwood Bermuda Ltd., shared a similar ownership structure. Ownership of common shares was split amongst 22 trusts and one individual: the Taylor-Lau Family Trust, the Feuer Family

Trust, Beechwood Trust Nos. 1-19, Beechwood Trust No. 20 a/k/a David I Levy Beechwood Trust, and Kerry Propper (together with the Beechwood Trusts, the "Beechwood Owners"). The beneficiaries of each of the trusts were a mix of Platinum and Beechwood related people:

a. The beneficiary of the Feuer Family Trust was Mark Feuer.

b. The beneficiary of the Taylor-Lau Family Trust was Scott Taylor.

c. The named beneficiaries of Beechwood Trust Nos. 1-6 were Mark Nordlicht's children, however the practical beneficiary of these trusts was Nordlicht.

d. The named beneficiaries of Beechwood Trust Nos. 7-14 were David Bodner's children, however the practical beneficiary of these trusts was Bodner.

e. The named beneficiaries of Beechwood Trust Nos. 15-19 were Murray Huberfeld's children, however the practical beneficiary of these trusts was Huberfeld.

f. The beneficiary of Beechwood Trust No. 20 was David Levy.

86. The ownership split and non-descript names were designed to deceive investors, allowing Beechwood to claim that it was a new and independent venture owned by Feuer, Taylor, and Levy – [redacted]

87. Internally, by contrast, it was understood that Beechwood Trust Nos. 1-6 were owned by Nordlicht, Beechwood Trust Nos. 7-14 were owned by Bodner, and Beechwood Trust Nos. 15-19 were owned by Huberfeld. [redacted]

88. Each of the Beechwood Trusts was granted equity in the Beechwood Entities for little to no consideration. Each of the Beechwood Trusts was part of an elaborate asset-protection scheme implemented by the Beechwood Owners, used and devised to shield assets—gained unjustly as a result of their fraudulent conspiracy—from creditors such as SHIP.

[redacted]

90. In both Beechwood Holdings and BBL, the Beechwood Trusts owned approximately 70% of common equity. David Levy owned approximately 5%, of this total while the children of Nordlicht, Bodner, and Huberfeld split approximately 65%.

91. Beechwood Holdings fully owned numerous subsidiaries including, most notably, Beechwood Re. As noted above and described more fully below, SHIP signed an IMA with Beechwood Re. [redacted]

[redacted]

92. BBL also fully owned numerous subsidiaries, including, most notably, BBIL. As noted above and described more fully below, SHIP signed an IMA with BBIL. [redacted]

[redacted]

94. The Beechwood Entities also consisted of two additional entities: BAM I and BAM II. Both entities had identical ownership structures. [redacted] B Asset Manager, LP owned two subsidiaries, BAM Management Services LLC and BAM Administrative Services LLC.

[redacted]

[redacted]

96. Nordlicht, Huberfeld, and Bodner created BRILLC in order to acquire Beechwood Holdings' and BBL's preferred stock. The managing member of BRILLC was an entity controlled by Nordlicht called N Management LLC. BRILLC comprised nine series denominated as "Beechwood Re Investments, LLC Series A" through "Beechwood Re Investments, LLC Series I" (each a "BRILLC Series"). Each BRILLC Series entity, in turn, was beneficially owned by a single corporate entity—or individual in the case of Dahlia Kalter—and each of the corporate entities was owned by either family members of Nordlicht, Huberfeld, or Bodner or additional corporate entities, all of which were owned by Nordlicht, Huberfeld, and Bodner and their families, as described above. At all relevant times, the BRILLC Series entities were used as alter egos of Nordlicht, Huberfeld, and Bodner to exert their control over the Beechwood Entities. Each of the BRILLC Series entities and BRILLC Series Members was part of an elaborate asset-protection scheme implemented by the Beechwood Owners, used and devised to shield assets—gained as a result of their fraudulent conspiracy—from creditors such as SHIP.

[redacted]

98. The complex and generically identified ownership structures were designed as such specifically to allow the Co-Conspirators to hide the Platinum connections to Beechwood and to

support the story Beechwood's principals, Feuer, Taylor, and Levy, were telling: that Beechwood was a legitimate reinsurance company, funded by the principals themselves.

99. While the Beechwood Owners went to great lengths to create the façade of separation and independence between Beechwood and Platinum, internally even the employees of Platinum and Beechwood could not always distinguish between the entities. [redacted]

100. The Co-Conspirators constantly and consistently lied about and hid the Platinum-Beechwood connection, including to the SEC, state regulatory bodies, clients, potential clients, and business partners. [redacted]

[redacted]

[18] "CNO Pleading" means the crossclaims and third-party claims filed by Washington National Insurance Company and Bankers Conseco Life Insurance Company in the PPCO Action.

101. The Co-Conspirators actively and aggressively hid from the world that—as the PPVA Receiver admits—the "Beechwood Entities were conceived of and functioned as the alter ego of Platinum Management . . ." Each of the Crossclaim and Third-Party Defendants sued by SHIP knowingly, intentionally, and voluntarily participated in the Platinum-Beechwood Scheme, and took great efforts to conceal the conspiracy from others, thus making them liable to SHIP for the harms it has suffered.

[redacted]

ii. Beechwood and Platinum had Shared Management and Control and are In Fact Integrated Companies

103. At all relevant times, the management teams of the Beechwood Entities worked in concert with and under the direction of the Platinum Entities and the Platinum Insiders, who were in turn controlled by Nordlicht, Huberfeld, Bodner, and Levy. In fact, at its founding, Beechwood initially operated out of Platinum Partners' offices. Furthermore, Nordlicht and other Platinum executives, including Naftali Manela and Daniel Saks, maintained email accounts with both Beechwood and Platinum Partners that they used for various purposes to direct Beechwood's investment activities. Huberfeld was also intimately involved in Beechwood-related transactions,

having been included on numerous emails concerning those transactions and having provided advice to Beechwood on a number of occasions.

104. At all times relevant to this pleading, the Beechwood Entities and Platinum Entities shared various employees, managers, and principals who were protecting the interests of both Platinum and Beechwood – but not the interests of their investors, such as SHIP. Regardless of official titles, all of the Platinum Insiders and Beechwood Insiders worked for and on behalf of Beechwood and Platinum, allowing them to conspire to utilize SHIP's money to enrich themselves and further the Beechwood Scheme.

105. At the time of Beechwood Re's formation, Feuer was its Chief Executive Officer ("CEO"), Taylor was its President, and Levy was its CIO. BBIL had a similar control structure to Beechwood Re, with Feuer as CEO and Taylor as President.

106. Both Beechwood Re and BBIL entered into Investment Management Agreements with BAM, giving BAM control over all investment assets and decision-making, though as a practical matter the Beechwood entities all operated in concert with one another and with the Platinum Entities and with the Beechwood Insiders and Platinum Insiders.

107. BAM served as the investment arm for Beechwood Re and BBIL. In 2014, Levy served as BAM's Chief Financial Officer ("CFO") and CIO. Upon Levy's return to Platinum, Daniel Saks—another Platinum employee loyal to Nordlicht, Huberfeld, and Bodner—took over as CIO. Beechwood failed to reveal that Saks was previously employed by Platinum.

108. Saks's replacement of Levy as the CIO for Beechwood Re and BAM was a change in name only. Levy—now in a camouflaged position similar to Nordlicht, Huberfeld, and Bodner — continued to control Beechwood's investments of SHIP's funds, with direction from Nordlicht.

SHIP was never told that he continued doing so. Nor, obviously, was SHIP told of Nordlicht's similar role.

[redacted] The various emails and other documents from the conspiracy also show that Beechwood and Platinum treated the funds from SHIP and CNO as virtually interchangeable, and the Co-Conspirators would snatch available funds from either source as they pleased and without any regard for the best interests of the clients or Beechwood's fiduciary duties to them.

110. While they needed to keep their involvement concealed, Mark Nordlicht, Murray Huberfeld, and David Bodner maintained control over Beechwood throughout the relevant period, regardless of official titles.

111. Throughout the life of Beechwood, Huberfeld maintained control of the company—despite having no official title—directing numerous investments in companies of close

friends and acquaintances. [redacted]

114. Bodner likewise exerted significant control over the Beechwood Entities. [redacted]

[redacted] Furthermore, on July 29, 2015, Bodner, using his personal Gmail account—bodnerang@gmail.com–essentially confessed the entire conspiracy in an email sent to an unidentified group of the Co-Conspirators:

> On Wed, Jul 29, 2015 at 7:40 PM, BodnerAngHuberfeld <bodnerang@gmail.com> wrote:
>
> I'm really concerned that if Ed Bonach from CNO Financial Group
> Finds out we invested beechwoods money into platinum with its illiquid investments (since it didn't exactly fit their investment objective) he won't trust us and he will take all of the aprox 500 mil, he has invsted in beachwood -Out.
> That means beechwood would either implode or not be able to function fiancialy and may have to be dissolved;
> Even though we did a cancel and correct
> We weren't exactly honest with Ed about the original invstment or that beechwood and platinum really are integrated.
> I'm concerned,
> What should we do ?
> I haven't called anybody back yet-I'm just trying todo som damage control right now.
>
> Kind Regards,
> Platinum Partners
>
> 250 West 55th Street
> (Between 8th Ave & Broadway)
> 14th Floor
> New York, NY 10019
>
> Phone: 212-582-2222

Ex. 31 to First Amended Complaint in the PPVA Action. While Bodner's specific concern in the email focused on CNO's discovery, SHIP obviously was placed in the identical predicament by Platinum investing Beechwood's money "into platinum with its illiquid investments," as Bodner so succinctly explained it.

115. Nordlicht exercised even more direct control over Beechwood. Nordlicht received routine updates on the available cash in each trust managed by Beechwood, including SHIP's. He directed and coordinated investments into Platinum-related entities. He maintained a Beechwood

email address, which he used from time to time to be kept abreast of transactions, including wire transfer directions.

116. As agreed in the initial plotting of the Platinum-Beechwood Scheme, the Nordlicht Group, and Nordlicht in particular, had control over investments for the entirety of the conspiracy. This arrangement between the Co-Conspirators was widely understood within Platinum and Beechwood. [redacted] Nordlicht treated Beechwood invested funds, including SHIP's, as though they were Platinum's own.

[redacted]

[redacted]

121. Other Platinum Insiders ultimately joined Beechwood management as well. [redacted]

122. Beren, Huberfeld's son-in-law, was hired by Feuer and Taylor in January 2016 to be a Beechwood portfolio manager, after serving in a similar capacity at Platinum from 2011 to 2015. Saks, another former Platinum employee, replaced Levy as chief investment officer and president of BAM. And Manela, a Platinum employee, regularly provided extensive consulting services to BAM while remaining in the employ of Platinum.

123. Narain became part of the Beechwood management team no later than January 2016 and replaced Saks as BAM's CIO. He served as BAM's CIO from at least that time until January 2017, at which point Narain continued his same investment-related activities for Beechwood through his own company, Illumin, which was engaged by BAM for that purpose. During his time as CIO, Narain was responsible for the management of SHIP's IMA investments, and he personally structured and caused SHIP to acquire numerous investments of dubious value. In addition, Narain successfully cultivated a relationship of trust and confidence with SHIP's CEO and CFO, which enabled him personally to solicit and induce SHIP's participation in investments through and outside of the IMAs, as described in specific detail in this pleading.

124. As the Platinum-Beechwood Scheme unfurled, the number of Co-Conspirators who worked for both Platinum and Beechwood grew, as did the number of individuals who were shuttled back and forth between the two integrated companies. These individuals included Co-Conspirators Nordlicht, Levy, Slota, Ottensoser, Small, Manela, Saks, Beren, and Kim. Most of them had both Beechwood and Platinum email addresses, and many even had offices in both Platinum's and Beechwood's headquarters, including, but not limited to, Nordlicht, Levy, Saks, and Beren. The Co-Conspirators showed little concern with using their Beechwood and Platinum email addresses interchangeably for conducting Beechwood business, unless of course they were communicating with Beechwood clients, in which case they were extremely careful to use only their Beechwood email addresses.

[redacted]

126. The cross-over and overlapping employment of so many of the Platinum Insiders and Beechwood Insiders ensured that the Insiders had knowledge that: 1) Beechwood and Platinum had mutual ownership; 2) Platinum's founders, Nordlicht, Huberfeld, Bodner, and Levy, controlled Beechwood; 3) the mission of Beechwood was to divert funds to Platinum and Platinum-related investments to serve the interests of Platinum, Beechwood, and their related parties over the interests of Beechwood's clients; and 4) the valuations Beechwood and Platinum placed on its investments and portfolios necessarily were a fraud. And based on the attention paid to maintaining secrecy, which they all witnessed and participated in (at the threat of reprimand), all of the Beechwood Insiders and Platinum Insiders ensured that SHIP, CNO, insurance regulators, and others did not learn the truth.

[redacted]

B. CNO Reinsurance Agreements

128. In 2013, WNIC and BCLIC were looking to reinsure certain blocks of their long-term care business. In May 2013, Feuer and Taylor approached WNIC and BCLIC (and thus CNO, which controlled them) and represented that they were developing a "new entrant into the life and health reinsurance market," Beechwood Re. Feuer, Taylor, and Levy concealed that the Platinum

Insiders Nordlicht, Huberfeld, and Bodner were controlling and bankrolling them. Instead, they held themselves out as legitimate businessmen who would establish a world-class reinsurance company, with at least $100 million in capital, who would prudently invest and manage WNIC's and BCLIC's reinsurance trust funds.

129. Ultimately, both WNIC and BCLIC entered into a reinsurance agreement with Beechwood Re.

130. They did so, however, in reliance on significant misrepresentations made to WNIC and BCLIC by Beechwood. Although SHIP was not a party to the reinsurance arrangements, SHIP had been the policy and claims administrator for most of the blocks of business that WNIC and BCLIC reinsured with Beechwood. Upon its formation, Fuzion assumed certain of those responsibilities..

131. Beechwood had no experience with long-term care claims administration. Given that, and Fuzion's familiarity with the business, BCLIC, WNIC, and Beechwood desired Fuzion to continue to administer those policies, and the remainder of the reinsured book, if a reinsurance agreement was reached. To that end, during the negotiation of the reinsurance agreements, Fuzion was negotiating a Management Services Agreement with Beechwood, that had to be approved by WNIC and BCLIC. In connection with this process, Fuzion and SHIP were provided the same false information about Beechwood, its ownership, its capitalization, and its capabilities that was provided to WNIC and BCLIC.

132. For example, Feuer, Taylor, and Levy misrepresented (i) who owned Beechwood Re and the other Beechwood Entities, (ii) who provided Beechwood Re's capital, (iii) how Beechwood Re would invest the assets that WNIC and BCLIC would transfer to Beechwood Re under the reinsurance agreements, and (iv) who would control and operate Beechwood Re and

other Beechwood Entities. This information was imparted to Fuzion and SHIP at the same time and was the same approach the Beechwood team later adopted with SHIP with respect to the IMAs.

133. Beechwood and the Beechwood Insiders repeatedly misrepresented to WNIC and BCLIC that Beechwood had over $100 million in capital, when in fact Beechwood Re had less than $300,000 in capital.

134. [redacted] This was false.

135. Instead, the Beechwood Insiders participated in a scheme with the Platinum Insiders, who issued to Beechwood a $100 million demand note designed to disguise the issuers of the note and make it appear to be true financial backing and not merely the paper transaction that it actually was.

136. The Beechwood Insiders later admitted that Beechwood Re was only funded with less than $300,000 in cash. The Beechwood Insiders knew that a $100 million demand note from a related party based on inflated asset valuations and other fictions was not "capital," as the Beechwood Insiders represented it to be.

C. Beechwood's Misrepresentations to Induce SHIP to Enter Into the IMAs

137. On April 10, 2014, Taylor, on behalf of Beechwood and through the mails and wires of interstate commerce, sent SHIP's CEO Wegner an email, with copies to Levy and Feuer. The email attached documents that provided information concerning Beechwood's purported "asset management capabilities, strategies, and platform" and advised that Beechwood's "focus for SHIP will be in the Asset Backed Senior Secured Credit class of investments." Taylor noted in his April 10, 2014 email that those classes of investments were "where we [Beechwood] are particularly strong, and can provide you [SHIP] some superior yield on a risk adjusted basis."

138. The April 10, 2014 email included a "Discussion Document" that summarized Beechwood's purported investment strategy and guidelines. The Discussion Document indicates that, in investing assets, Beechwood: (a) employs a "[c]redit-focused investment strategy which focuses on capital preservation"; (b) seeks "[s]uperior adjusted returns"; (c) has a "[s]trong culture of risk management and transparency"; and (d) uses "[b]est in class third party vendors."

139. The Discussion Document represents that "Capital Preservation is [Beechwood's] highest priority," that "[r]isk management and capital preservation are central tenets of strategy," and that Beechwood pursues "strategies that focus on niche opportunities that provide low-volatility returns irrespective of the direction of broader markets." The document states that the "Basis of Beechwood's Investment Strategy is Superior Risk Management Capabilities," which includes "[d]etailed analysis of underlying forms of collateral," a "[f]ocus on appropriate deal controls," "active monitoring and due diligence," and "third party controls, independent valuation, compliance program."

140. The Discussion Document indicates that Beechwood uses "[b]est in class third party administration, audit, and valuation services." It represents that Beechwood's portfolio is audited annually "by a top tier accounting firm with significant industry experience" and that "Lincoln Valuation Group evaluates all valuations on a quarterly basis."

141. The Discussion Document touts its management team as "[s]table and experienced," with a "[p]roven record of outperformance in various market environments." The document lists and provides biographies for four key members of the Beechwood team, including Feuer, Taylor, and Levy. The biographies of Feuer and Taylor set forth their prior experience with Marsh & McLennan and their respective prior experience with Merrill Lynch and McKinsey & Company.

142. Feuer and Taylor also made other oral and written representations to SHIP that promoted their experience with Marsh & McLennan and their respective prior experience with Merrill Lynch and McKinsey & Company. Feuer and Taylor emphasized to Wegner and Lorentz of SHIP that they were highly accomplished in dealing with insurance companies and in investment. In fact, Taylor had a Series 7 registered representative license as an investment adviser.

143. The entire sales pitch was a ruse. Beechwood's various oral and written representations were untrue and misleading because they did not reflect Beechwood's true investment approach and scheme and did not account for the fact that Beechwood intended to and would use SHIP's assets to favor Beechwood, Platinum, and their related parties and affiliates. Beechwood repeatedly misrepresented to SHIP that Beechwood was owned by Feuer and Taylor, who portrayed themselves as upstanding professionals who capitalized Beechwood with family money and the fortunes earned during their professional careers, along with funds from a third principal, Levy.

144. In fact, entire portions of the investment guidelines and company presentation Beechwood presented to SHIP were lifted directly from Platinum Partners' documents. For example, the April 2014 discussion document provides four anonymous "portfolio manager profiles." These profiles were lifted verbatim from a March 2013 PPVA document titled "Redacted Bios for Selected Investment Professionals"—sent from David Levy's Platinum LP email address to Taylor on October 29, 2013—with one small edit for each profile: any mention of their work for Platinum Partners was removed.

145. During a series of meetings and communications in 2014, when SHIP was evaluating Beechwood as a potential investment manager, Beechwood – primarily through Feuer,

Taylor, and Levy – consistently misrepresented Platinum employees as being senior officers of Beechwood, without revealing that Platinum would control investment of SHIP's assets contributed under the IMAs or that Platinum and Beechwood related parties would enjoy preferential treatment over SHIP's interests.

146. Feuer attended a SHIP Board meeting on May 13, 2014 and presented information on Beechwood, its experience in managing insurance business, and its plans for reinsuring blocks of long-term care business. Again, he did not discuss Platinum's significant involvement in or control over Beechwood's investing strategies. The presentation discussed Beechwood's strategy as an investment manager, but did not review any specific investments or assets under management by Beechwood.

147. Levy led an oral and written presentation to SHIP officials, including Wegner and Lorentz, at Beechwood's New York office in the months prior to the IMAs being executed. Levy reiterated Beechwood's consistent themes of strong security and collateralization, conservative approach, and a guaranteed return for SHIP. He concealed Platinum's controlling role.

148. Prior to entering into the IMAs or placing any assets with Beechwood for investment management, SHIP was provided available Beechwood financial statements and other financial reporting that were purportedly provided by Beechwood's independent auditor, KPMG. This information from Beechwood indicated that it possessed a strong balance sheet, providing increased comfort to SHIP while considering Beechwood's business proposals.

149. SHIP's senior management also understood that CNO had vetted Beechwood in connection with the 2013 reinsurance transactions between CNO and Beechwood and that both the Indiana and New York Departments of Insurance had reviewed and approved the CNO-

Beechwood reinsurance transaction. CNO and the regulators apparently were not told about Platinum's involvement either, and as noted, CNO has sued Beechwood as well.

150. Over the course of several meetings and communications, Beechwood consistently described to SHIP how Beechwood could provide attractive rates of return on equity investments and loans and emphasized the security underlying its portfolio loans.

151. In its presentations to SHIP, Beechwood recommended a strategy of investing in assets that were highly collateralized and well protected. Beechwood represented to SHIP that the investments were over-secured by collateral that Beechwood could seize in the event that a loan or other investment was not repaid, which would enable Beechwood to recover the value of any investment.

152. Beechwood's April 2014 Discussion Document also emphasized its relationships with well-known third-party valuation firms, including Egan Jones, Lincoln Valuation Group, and Duff & Phelps, and claimed to have "formal policies outlining all fair valuation practices and methods."

153. Unbeknownst to SHIP, Beechwood's representations were false, misleading, and material, and Beechwood knew that they were false, misleading, and material when they made them to SHIP in order to induce SHIP to enter the IMAs and to turn over, in time, more than $270 million for investment. This entire sales process also was done with the knowledge of, and for the benefit of, Platinum and the Platinum Insiders, who had helped hatch the entire Beechwood fiction from its inception and as set forth in this pleading.

154. Beechwood knowingly and fraudulently concealed from SHIP that it intended to place SHIP's assets into investments that were highly speculative, opaque, and not adequately secured. They also hid the reality that Beechwood intended, in essence, to convert SHIP's assets

to the uses of Platinum and the individuals controlling Beechwood and Platinum in a manner fundamentally inconsistent with the safe and conservative portfolio they promised would result in a guaranteed return.

155. Beechwood knowingly and fraudulently concealed from SHIP that it intended to place SHIP's assets in related-party transactions involving one or more of the principals of the Beechwood Advisors or the Platinum Entities and their associates.

156. Beechwood knowingly and fraudulently concealed from SHIP that it intended to place SHIP's funds into high-risk investments without sufficient collateralization, which enabled the Beechwood Advisors, in concert with the Beechwood Insiders, to divert SHIP's funds to Platinum-related entities without providing adequate protections to enable SHIP to recover its invested funds and in violation of SHIP's known investment guidelines and restrictions.

157. Beechwood knowingly and fraudulently concealed from SHIP that Beechwood was materially owned and influenced by Nordlicht, Huberfeld, and Bodner and that Beechwood had substantial and direct ties to Platinum and was effectively controlled by it.

158. Beechwood knowingly and fraudulently concealed from SHIP that, with only one apparent exception other than Feuer and Taylor, every purported senior officer of Beechwood was actually an employee of Platinum. Beechwood at times shared office space with Platinum. In addition, Mark Nordlicht of Platinum had a "beechwood.com" email address that he used internally with Feuer, Taylor, Levy, and others to discuss SHIP and the investment of its assets.

159. As each of the three IMAs was successively executed, Beechwood further concealed their actions by, as set forth in this pleading, providing false and misleading information to SHIP regarding the nature of the investment strategy and the individual investments, including fraudulent valuations. Beechwood thus created a false impression that the investments made on

SHIP's behalf were performing well, which encouraged SHIP to invest additional funds and discouraged SHIP from taking earlier actions to protect its funds that were being manipulated and diminished in value by Beechwood's schemes.

160. All of these misrepresentations and concealments by Beechwood to SHIP were done with the approval and knowledge of Platinum and the Platinum Insiders and Beechwood Insiders, in order to advance the very scheme for which purpose Beechwood was created. Based upon and in reliance on Beechwood's false and misleading representations and the fraudulent or grossly negligent omission or concealment of material information, SHIP entered into the IMAs to its detriment and the conspiracy hatched by the Crossclaim and Third-Party Defendants began to work for them and against SHIP.

161. If SHIP had known that Beechwood's representations were false and misleading and that Beechwood had omitted and concealed material facts about Beechwood's investment opportunities and structure, SHIP never would have entered into the IMAs and never would have become exposed to the plotting of the Platinum and Beechwood Insiders.

F. The Investment Management Agreements

162. SHIP entered into three Investment Management Agreements with the Beechwood Advisors. All three IMAs contain the same basic structure, with a few minor exceptions that do not materially change the nature of Beechwood's breaches or misrepresentations. The substance of the IMAs is incorporated into this pleading by reference. The IMAs all were controlled by the Beechwood Insiders and their related parties in essentially the same manner, even though the individual agreements had different contractual counterparties who all were commonly controlled by the Platinum Insiders and Beechwood Insiders. A primary reason for using different counterparties, ironically in retrospect, was that this diversification should further protect SHIP's

invested funds. SHIP also was subject to investment guidelines limiting investment concentration. SHIP further understood from Beechwood prior to executing the IMAs that Beechwood was managing assets that were achieving returns well in excess of the IMA guaranteed returns, which guarantees were considered additional protection for SHIP. Each of the IMAs granted Beechwood discretion over the specific investments made.

i. The BBIL IMA

163. The first IMA between SHIP and BBIL for the provision of investment management and advisory services was executed as of May 22, 2014 (the "BBIL IMA").

164. Taylor executed the BBIL IMA on behalf of BBIL.

165. The BBIL IMA is governed by New York law. BBIL IMA, ¶ 20.

166. Pursuant to the BBIL IMA, SHIP ultimately deposited a total of $80 million into a custody account at Wilmington Trust for investment by Beechwood on SHIP's behalf.

167. The BBIL IMA appointed BBIL as SHIP's investment adviser and manager to invest and manage the funds on behalf of SHIP and "subject at all times to the fiduciary duties imposed upon it by reason of its appointment to invest and manage the Assets." BBIL IMA, ¶ 1.

168. BBIL contractually guaranteed an annual investment return to SHIP equal to 5.85% (non-compounded) of the net asset value of the assets contributed to the account. This guaranteed payment would then be automatically reinvested in the custody account to be managed by BBIL, BBIL IMA, Exhibit B at ¶ 3, which effectively makes the guaranteed annual return "compounded."

169. In the event that SHIP's investments under the BBIL IMA did not achieve an annual Investment Return of 5.85%, BBIL was obligated to "(i) pay the Client [SHIP] any Investment Return shortfall from its own account and (ii) as necessary, contribute assets to the Account from its own account such that the net asset value of the Account equals the Initial NAV." BBIL IMA,

Exhibit B at ¶ 3. This "True-Up Payment" provision effectively required BBIL to pay the guaranteed investment return and maintain the asset base, whether the investments performed as BBIL represented they would or not.

170. The BBIL IMA permitted BBIL to retain investment returns above the 5.85% guaranteed Investment Return as a Performance Fee. BBIL IMA, Exhibit B at ¶ 1.

171. From September 2015 to July 2016, BBIL withdrew from the Wilmington Trust account at least $12,343,891 of SHIP's funds in performance fees, according to the records available to SHIP, and the actual amount could be higher. Because these performance fees had not in fact been earned, Beechwood paid themselves out of SHIP's invested principal and not out of excess earnings.

172. Pursuant to the terms of the BBIL IMA, BBIL was required to "use all proper and professional skill, diligence and care at all times in the performance of its duties and the exercise of its powers" under the agreement. BBIL IMA, ¶ 1.

173. Pursuant to the terms of the BBIL IMA, BBIL promised to make all investment decisions and to manage SHIP's invested funds "consistent with the general investment policy, guidelines and restrictions" of BBIL for Senior Secured Credit Opportunities and to invest in classes of admitted assets subject to SHIP's corporate investment guidelines. BBIL IMA, ¶ 3(b) and Exhibit A.

174. The referenced Exhibit A to the BBIL IMA contains BBIL's "Adviser Investment Policy, Guidelines and Restrictions" and "Guidelines for Senior Secured Credit Opportunities." BBIL's investment document specifies that it must invest in a manner permitted by "SHIP's corporate investment guidelines 'Senior Health Insurance Company of Pennsylvania: Investment Objectives, Policies and Guidelines, Version 1.6'" ("SHIP's Investment Policies").

175. SHIP's Investment Policies begin by emphasizing that "[c]ognizant of the fiduciary character of the insurance business, [SHIP] seeks to achieve investment returns commensurate with the protection of invested capital while minimizing the risk of impairment of investment assets to provide financial stability for its policy holders." SHIP's "general investment objective" was specified to be "to seek current income consistent with the preservation of capital and prudent investment risk. Long-term growth is an important secondary consideration."

176. As Beechwood fully understood, SHIP's Investment Policies at the time required, among other things, that "[a]ssets invested to support run-off long term care obligations will have liquidity, risk and maturity characteristics appropriate to such policies and will be invested in such a manner as to meet policyholder obligations while providing a reasonable return."

177. BBIL's own investment guidelines likewise required, among other things, that BBIL would "engage in transactions in which there is a ***well-known*** and ***understood*** counterparty risk, and liquid/valuable collateral to secure any such loan. ***Controls are always in place to secure the movements of cash and proceeds such that Beechwood always has a first right to monies***." BBIL IMA, Exhibit A (emphasis added).

178. BBIL failed to comply with both its own investment guidelines and SHIP's Investment Policies. Rather, BBIL, together with the Beechwood Insiders, utilized the BBIL IMA to take control over SHIP's assets and to deploy those assets to benefit Platinum, thereby enriching the Beechwood Insiders as well as Platinum's and Beechwood's owners and related parties, at the expense of SHIP. Beechwood did so without SHIP's knowledge of or consent to the risky and hopelessly conflicted relationship with Platinum that led to inappropriate investments.

[redacted]

[redacted]

180. It has been alleged in the Criminal Indictments and in other litigation that, prior to June 2014, Platinum caused BBIL to acquire the Black Elk notes, which carried certain voting rights, as a part of a scheme to gain control of Black Elk. Black Elk was in significant economic distress and the Black Elk Notes had minimal value. Hence, after BBIL had used the Black Elk Notes to do Platinum's bidding, Platinum and Beechwood assured that they would benefit economically from the Black Elk Notes by, at Nordlicht's direction, causing SHIP to acquire them at their face value, even though they were only worth a fraction of that amount, if anything at all.

181. [redacted] Beechwood never disclosed to SHIP the Platinum connection to other assets in

which SHIP was invested, that Platinum was directing SHIP's investments, that Platinum and Beechwood insiders were personally benefiting from fees and charges related to those investments, or the related-party nature of such transactions and the inherent conflicts of interest that such ties reflect.

182. During performance under the IMA, BBIL compounded the damage to SHIP by falsely overstating the value of the assets under management in the BBIL IMA account to justify its retention of Performance Fees to which it would not otherwise be entitled as well as to extend the duration of the scheme and magnify the losses.

ii. The Beechwood Re IMA

183. The second IMA for the provision of investment management and advisory services was between SHIP and Beechwood Re and was executed as of June 13, 2014 (the "Beechwood Re IMA").

184. Taylor executed the Beechwood Re IMA on behalf of Beechwood Re.

185. The Beechwood Re IMA is governed by New York law. Beechwood Re IMA, ¶ 20.

186. In connection with the Beechwood Re IMA, SHIP ultimately deposited a total of $80 million into a custody account at Wilmington Trust for investment by Beechwood Re on SHIP's behalf. This amount was in addition to the previously described $80 million invested pursuant to the BBIL IMA. The deposits were made over time and SHIP relied on Beechwood's false representations as to the nature, quality, value, and performance of the BBIL IMA and the initial investments made under the Beechwood Re IMA in agreeing to increase the amount to be managed by Beechwood Re under the Beechwood Re IMA. Had SHIP known the truth, SHIP would never have authorized these increases.

187. Similar to the BBIL IMA, the Beechwood Re IMA appointed Beechwood Re as an investment adviser and manager to invest and manage the funds on behalf of SHIP and subject at all times to fiduciary duties. Beechwood Re agreed to "use all proper and professional skill, diligence and care at all times in the performance of its duties and the exercise of its powers under this Agreement." Beechwood Re IMA, ¶ 1.

188. Beechwood Re contractually guaranteed an annual investment return to SHIP equal to 5.85% (non-compounded) of the net asset value of the assets contributed to the account. This guaranteed payment would then be automatically reinvested in the custody account to be managed by Beechwood Re on SHIP's behalf, which again effectively makes the guaranteed annual return "compounded." Beechwood Re IMA, ¶ 1(b) and Exhibit B at ¶ 3.

189. In the event that SHIP's investments under the Beechwood Re IMA did not achieve an annual Investment Return of 5.85%, Beechwood Re was obligated to "(i) pay the Client [SHIP] any Investment Return shortfall from its own account and (ii) as necessary, contribute assets to the Account from its own account such that the net asset value of the Account equals the Initial NAV." Beechwood Re IMA, Exhibit B at ¶ 3. This "True-Up Payment" provision effectively required BBIL to pay the guaranteed investment return and maintain the asset base, whether the investments performed as BBIL represented they would or not.

190. The Beechwood Re IMA permitted Beechwood Re to retain investment returns above the 5.85% guaranteed Investment Return as a Performance Fee. Beechwood Re IMA, Exhibit B at ¶ 1.

191. From September 2014 to April 2016, Beechwood Re withdrew from the Beechwood Re Wilmington Trust account at least $11,275,000 of SHIP's funds in performance fees, according to the records available to SHIP, and the actual amount could be higher. Because

these performance fees had not in fact been earned, Beechwood paid themselves out of SHIP's invested principal and not out of excess earnings.

192. Pursuant to the terms of the Beechwood Re IMA, Beechwood Re was required to "use all proper and professional skill, diligence and care at all times in the performance of its duties and the exercise of its powers" under the agreement. Beechwood Re IMA, ¶ 1.

193. Pursuant to the terms of the Beechwood Re IMA, Beechwood Re promised to make all investment decisions and to manage SHIP's invested funds "consistent with the general investment policy, guidelines and restrictions" of BBIL for Senior Secured Credit Opportunities and to invest in classes of admitted assets subject to SHIP's corporate investment guidelines. Beechwood Re IMA, ¶ 3(b) and Exhibit A.

194. The referenced Exhibit A to the Beechwood Re IMA contains Beechwood Re's "Adviser Investment Policy, Guidelines and Restrictions" and "Guidelines for Senior Secured Credit Opportunities." Beechwood Re's investment document specifies that it must invest in a manner permitted by "SHIP's corporate investment guidelines 'Senior Health Insurance Company of Pennsylvania: Investment Objectives, Policies and Guidelines, Version 1.6'" ("SHIP's Investment Policies").

195. SHIP's Investment Policies begin by emphasizing that "[c]ognizant of the fiduciary character of the insurance business, [SHIP] seeks to achieve investment returns commensurate with the protection of invested capital while minimizing the risk of impairment of investment assets to provide financial stability for its policy holders." SHIP's "general investment objective" was specified to be "to seek current income consistent with the preservation of capital and prudent investment risk. Long-term growth is an important secondary consideration."

196. As Beechwood fully understood, SHIP's Investment Policies at the time required, among other things, that "[a]ssets invested to support run-off long term care obligations will have liquidity, risk and maturity characteristics appropriate to such policies and will be invested in such a manner as to meet policyholder obligations while providing a reasonable return."

197. Beechwood Re's own investment guidelines likewise required, among other things, that Beechwood Re would "engage in transactions in which there is a ***well-known*** and ***understood*** counterparty risk, and liquid/valuable collateral to secure any such loan. ***Controls are always in place to secure the movements of cash and proceeds such that Beechwood always has a first right to monies***." Beechwood Re IMA, Exhibit A (emphasis added).

198. Beechwood Re failed to comply with both its own investment guidelines and SHIP's Investment Policies. Rather, Beechwood Re, together with the Beechwood Insiders, utilized the Beechwood Re IMA to take control over SHIP's assets and to deploy those assets to benefit Platinum, thereby enriching the Beechwood Insiders as well as Platinum's and Beechwood's owners and related parties, at the expense of SHIP. Beechwood did so without SHIP's knowledge of or consent to the risky and hopelessly conflicted relationship with Platinum that led to inappropriate investments.

199. During performance under the IMA, Beechwood Re compounded the damage to SHIP by falsely overstating the value of the assets under management in the Beechwood Re IMA account to justify its retention of Performance Fees to which it would not otherwise be entitled as well as to extend the duration of the scheme and magnify the losses.

iii. The BAM IMA and Side Letter

200. The third IMA for the provision of investment management and advisory services was between SHIP and BAM and was executed as of January 15, 2015 (the "BAM IMA").

201. Saks executed the BAM IMA on behalf of BAM.

202. The BAM IMA is governed by New York law. BAM IMA, ¶ 20.

203. Contemporaneous with execution of the BAM IMA, in January 2015, SHIP deposited an initial $50 million into a custody account at Wilmington Trust to be invested and managed by BAM, subject to investment guidelines prescribed by the IMAs and the insurance laws of Pennsylvania. Subsequently, in March 2015, SHIP deposited an additional $60 million into the same account and subject to the same investment guidelines and legal limitations, for a total investment of $110 million to be managed by BAM under the BAM IMA. This $110 million was in addition to the $160 million invested with Beechwood pursuant to the other two IMAs. SHIP relied on Beechwood's false representations as to the nature, quality, value, and performance of investments under the BBIL IMA and the Beechwood Re IMA in agreeing to enter into the BAM IMA. Had SHIP known the truth, SHIP would not have entered into the BAM IMA.

204. Similar to the other two IMAs, the BAM IMA appointed BAM as an investment adviser and manager to invest and manage the funds on behalf of SHIP and subject at all times to fiduciary duties. BAM agreed to "use all proper and professional skill, diligence and care at all times in the performance of its duties and the exercise of its powers under this Agreement." BAM IMA, ¶ 1.

205. The language of the BAM IMA itself differed from the BBIL IMA and Beechwood Re IMA in that it did not expressly guarantee a specific investment return. SHIP, however, entered into a side letter with BRILLC, which was commonly controlled along with the other Beechwood Advisors, and in the side letter BRILLC guaranteed an annual investment return of 5.85% (non-compounded) of the net asset value of the assets contributed by SHIP under the BAM IMA (the "Side Letter"). The purpose of the Side Letter was to "provide to Client [SHIP] certain assurances

as relates to the performance of the investments managed under the IMA." Beechwood explained to SHIP that BRILLC's involvement provided additional capital support to BAM. The guaranteed payment would be automatically reinvested in the custody account to be managed by BAM on SHIP's behalf, which effectively makes the guaranteed annual return "compounded." Side Letter at 1.

206. Nordlicht executed the Side Letter as "Authorized Signatory" for BRILLC.

207. The method of calculating BAM's Performance Fee was slightly different under the BAM IMA as compared with the other two IMAs. Pursuant to Exhibit B to the BAM IMA, BAM's Performance Fee was to be the greater of the following:

> (1) 1% of the net asset value of the Assets in the Account as of the last day of each measuring Year, or (2) 100% of the cash value reflected in the Net Profit Yield (as defined below). For purposes hereof, (a) "Net Profit Yield" shall be defined as the Total Portfolio Yield (as defined below) minus 5.85% and (b) "Total Portfolio Yield" shall be defined as the investment return (based on both realized and unrealized trading profit) on the Account for each respective measuring Year….")

BAM IMA, Exhibit B at ¶ 1.

208. The BAM IMA still anticipated an annual 5.85% guaranteed return to SHIP, through the Side Letter, and the excess over that amount would go to BAM. If a return of less than 5.85% was achieved, however, BAM would receive 1% of the net asset value, a feature not included in the other two IMAs. The Side Letter likewise promised a "True-Up Payment" in the event of any shortfall in the annual return, and this mechanism was designed to work in a manner similar to the provision in the other IMAs.

209. From March 2015 to July 2016, BAM withdrew from the Wilmington Trust account at least $11,350,000 from SHIP in performance fees, according to the records available to SHIP, and the actual amount could be higher. Because these performance fees had not in fact been

earned, Beechwood paid themselves out of SHIP's invested principal and not out of excess earnings.

210. Pursuant to the terms of the BAM IMA, BAM was required to "use all proper and professional skill, diligence and care at all times in the performance of its duties and the exercise of its powers under this Agreement." BAM IMA, ¶ 1.

211. Pursuant to the terms of the BAM IMA, BAM promised to make all investment decisions and to manage SHIP's assets "consistent and compliant with . . . the general investment policy, guidelines and restrictions as described on Exhibit A." BAM IMA, ¶ 3(b).

212. The referenced Exhibit A to the BAM IMA contains BAM's "Adviser Investment Policy, Guidelines and Restrictions." BAM's investment document specifies that it must invest in a manner permitted by "SHIP's corporate investment guidelines 'Senior Health Insurance Company of Pennsylvania: Investment Objectives, Policies and Guidelines, Version 1.7'" ("SHIP's Investment Policies, Version 1.7"), which document was materially consistent with the earlier version.

213. SHIP's Investment Policies, Version 1.7 begins by emphasizing that "[c]ognizant of the fiduciary character of the insurance business, [SHIP] seeks to achieve investment returns commensurate with the protection of invested capital while minimizing the risk of impairment of investment assets to provide financial stability for its policy holders." SHIP's "general investment objective" was specified to be "to seek current income consistent with the preservation of capital and prudent investment risk. Long-term growth is an important secondary consideration."

214. As Beechwood fully understood, SHIP's Investment Policies, Version 1.7 in place at the time required, among other things, that "[a]ssets invested to support run-off long term care obligations will have liquidity, risk and maturity characteristics appropriate to such policies and

will be invested in such a manner as to meet policyholder obligations while providing a reasonable return."

215. BAM and BRILLC failed to comply with SHIP's investment policy. Rather, BAM and BRILLC, together with the Beechwood Insiders, utilized the BAM IMA and the Side Letter to take control over SHIP's assets and to deploy those assets to benefit Platinum, thereby enriching the Beechwood Insiders as well as Platinum's and Beechwood's owners and related parties, at the expense of SHIP. Beechwood did so without SHIP's knowledge of or consent to the risky and hopelessly conflicted relationship with Platinum that led to inappropriate investments.

216. During performance under the IMA, BAM and BRILLC compounded the damage to SHIP by falsely overstating the value of the assets under management in the BAM IMA account to justify its retention of Performance Fees to which it would not otherwise be entitled as well as to extend the duration of the scheme and magnify the losses.

iv. Indemnification Under the IMAs

217. The BBIL IMA, the Beechwood Re IMA, and the BAM IMA each contain materially identical indemnification provisions in Paragraph 18.

218. Subparagraph (a) of Paragraph 18 (entitled "Liability") of each of the IMAs states:

> Except as required by applicable law, none of the Adviser or its subsidiaries or any sub-advisor engaged by the Adviser or any director, officer, partner, member, stockholder, controlling person, employee or agent of the Adviser or its subsidiaries or any such sub-advisor, or any of their affiliates (all of the foregoing persons and entities being referred to collectively as "Indemnified Parties" and individually as an "Indemnified Party") shall be liable to the Account, any contributor of assets to the Account, the Client or any of the Client's shareholders for any act or omission suffered or taken by such Indemnified Party in good faith in connection with its or his performance of the Adviser's duties or exercise of the Adviser's powers under this Agreement, including, without limitation, any loss arising out of any investment or act or omission in the execution of transactions for the Account, that is not in material violation of this Agreement and does not constitute fraud, gross negligence or willful misconduct, and with respect to any criminal action or proceeding, without reasonable cause to believe that his or its conduct was

unlawful. None of the Client or any of the Client's shareholders (all of the foregoing persons and entities being referred to collectively as "Client Indemnified Parties" and individually as a "Client Indemnified Party") shall be liable for any liability or loss (including amounts paid in respect of judgments, fines, penalties or settlement of litigation, and legal fees and expenses reasonably incurred in connection with any pending or threatened litigation or proceeding) suffered by such Client Indemnified Party by reason of a material violation by Adviser of this Agreement which violation (i) is determined by a court of competent jurisdiction (in a final non-appealable decision) to constitute fraud, gross negligence or the willful misconduct of the Adviser or (ii) arises as a result of any criminal action or proceeding against the Adviser where it is reasonably demonstrated in such action or proceeding that the Adviser had reasonable cause to believe its conduct was unlawful.

219. Subparagraph (c) of Paragraph 18 of each of the IMAs states (emphasis added):

To the maximum extent permitted by applicable law, each Indemnified Party shall be fully protected and indemnified by the Client, out of the assets of the Account, against all liabilities and losses (including amounts paid in respect of judgments, fine, penalties or settlement of litigation, and legal fees and expenses reasonably incurred in connection with any pending or threatened litigation or proceeding) suffered by virtue of its or his serving as an Indemnified Party with respect to any action or omission suffered or taken that is not in material violation of this Agreement and does not constitute fraud, gross negligence or willful misconduct, and with respect to any criminal action or proceeding, without reasonable cause to believe his or its conduct was unlawful. The Client shall, out of the assets of the Account, advance expenses, including legal fees, for which any Indemnified Party would be entitled by this Agreement to be indemnified upon receipt of an unsecured undertaking by such Indemnified Party to repay such advances if it is ultimately determined by a court of proper jurisdiction that indemnification for such expenses is not permitted by law or authorized by this Agreement. ***To the maximum extent permitted by applicable law, each Client Indemnified Party shall be fully protected and indemnified by Adviser against all liabilities and losses (including amounts paid in respect of judgments, fines, penalties or settlement of litigation, and legal fees and expenses reasonably incurred in connection with any pending or threatened litigation or proceeding) suffered by such Client Indemnified Party by reason of a material violation by Adviser of this Agreement which violation (i) is determined by a court of competent jurisdiction (in a final non-appealable decision) to constitute fraud, gross negligence or the willful misconduct of the Advisor or (ii) arises as a result of any criminal action or proceeding against the Adviser where it is reasonably demonstrated in such action or proceeding that the Adviser had reasonable cause to believe its conduct was unlawful.***

220. BBIL is the "Adviser" as that term is defined in the BBIL IMA.

221. BRE is the "Adviser" as that term is defined in the Beechwood Re IMA.

222. BAM is the "Adviser" as that term is defined in the BAM IMA.

223. SHIP is the "Client" as that term is defined at the outset of each of the IMAs.

224. SHIP is a "Client Indemnified Party," as that term is defined in Paragraph 18(a) of each of the IMAs.

225. Paragraph 17 of each of the IMAs provides that Paragraph 18 shall survive any termination of the IMAs.

226. On December 19, 2018, the PPCO Receiver commenced the PPCO Action against SHIP. On March 29, 2019, the PPCO Receiver filed its First Amended Complaint against SHIP.

227. In the First Amended Complaint, the PPCO Receiver alleges that SHIP "substantially assisted, and participated with, Beechwood and the Platinum insiders to commit fraud and breach their fiduciary duties to the PPCO Funds." Am. Compl. ¶ 7. Specifically, the PPCO Receiver alleges (i) SHIP had "knowledge of the deep ties between the Platinum Funds and Beechwood"; (ii) SHIP's "funds were fueling the fraud"; and (iii) SHIP "substantially assisted Beechwood and certain of the Platinum insiders in carrying out their fraud and the Platinum insiders in breaching their fiduciary duties." Am. Compl. ¶ 9. SHIP disputes these allegations in their entirety.

228. In the Amended Complaint, the PPCO Receiver further alleges that between December 2015 and March 2016, SHIP (advised by Fuzion) directed Beechwood, as its agent, to enter into transactions with PPCO Master Fund "knowing that the transactions were not arms-length commercial deals being structured by unconflicted officers." The PPCO Receiver alleges these transactions were fraudulent conveyances and seeks to nullify SHIP's interests in the transactions.

229. The PPCO Receiver alleges SHIP committed acts constituting violations of RICO, violations of Section 10(b) of the Securities and Exchange Act, violations of Section 20 of the Securities and Exchange Act, aiding and abetting breach of fiduciary duty, aiding and abetting fraud, fraudulent conveyances, constructive fraudulent conveyances, and unjust enrichment.

230. In sum, the PPCO Receiver's Amended Complaint seeks to hold SHIP liable for acts or omission taken in connection with SHIP's status as a "Client Indemnified Party" under the IMAs. *See* Am. Compl. ¶¶ 162-67.

231. The allegations against SHIP in the Amended Complaint were brought by reason of each Adviser's material violations of the IMAs constituting fraud, gross negligence or willful misconduct.

G. The Platinum-Beechwood Scheme Goes into Action Against SHIP

232. In total, SHIP entrusted $270 million to the Beechwood Advisors under the IMAs and another $50 million was entrusted outside of the IMAs, based on representations—memorialized in the IMAs themselves—that Beechwood would invest prudently, conservatively, and in accordance with the terms of the three IMAs. The amounts were entrusted to Beechwood over time, in increments, between May 2014 and June 2016. SHIP relied on the material misrepresentations and omissions by the Beechwood Advisors—and the Beechwood Insiders who controlled the Beechwood Advisors' activities—in deciding, over time, to entrust Beechwood with the investment of funds that represented reserves designated to pay long-term care policyholder claims.

233. Notwithstanding the representations made about their investment protocols, disciplines, and security, not to mention guaranteed returns, to induce SHIP to enter into the IMAs and to invest both the IMA funds and additional funds through them, and contrary to the promises

made in the IMAs and in violation of the fiduciary duties owed to SHIP, the Beechwood Advisors placed SHIP's money into investments that were highly speculative, not adequately secured, opaque, and not appropriately disclosed to SHIP. All of this was according to plan, as agreed with the Co-Conspirators.

234. The Co-Conspirators knew that what they were doing was wrong. [redacted]

i. Beechwood Partakes in Numerous Related-Party Transactions

235. Many of the Beechwood investments, including those in which they elected to invest SHIP funds, involve related-party transactions with one or more of the principals of the Beechwood Advisors or the Platinum Entities. This was by design, as the deep connections and constant communications between Beechwood and Platinum demonstrate. Immediately upon receiving SHIP's money, the Co-Conspirators, led by Mark Nordlicht, set about funneling money into investments aimed at propping up illiquid investment positions Platinum funds were invested

in with the aim of enriching the Co-Conspirators, against the best interests of SHIP, to whom they owed a fiduciary duty. Nothing about these transactions was "arm's-length."

236. From the time that SHIP executed the first IMA, Beechwood was in close contact with Nordlicht regarding the status of SHIP's funds, which Platinum and Beechwood treated as though they were their own. When SHIP funded the respective IMAs, Beechwood informed Platinum and its founders almost immediately. As previously noted, Nordlicht was aware within a day that the BBIL IMA had been funded and was already giving direction on how to invest SHIP funds. [redacted] On January 30, 2015, just two weeks after the BAM IMA execution date, $35,500,000 of SHIP's funds were sent without collateral or interest payment to support Montsant Partners, LLC, which was owned by Platinum (as described later). This intimate and consistent connection to undisclosed principals who were revealed to SHIP—if at all—only as a source of possible investment choices indistinguishable from other investment options in the world demonstrates that, from the beginning, SHIP's funds were used in a manner contrary to what Beechwood initially represented and continued to represent throughout the relationship and instead were used to prop up Platinum and perpetuate its fraudulent scheme.

237. Rather than adhering to their representations and promises made in the IMAs, in periodic valuation reports, in the description given of each investment acquired, in the performance

fee request forms, in oral communications, and otherwise, the Beechwood Advisors, in concert with the Beechwood Insiders and the Platinum Insiders, used most of the SHIP funds entrusted to them to acquire high-risk, complex, inadequately collateralized, and often distressed investments tied to Platinum that were purposely structured by Beechwood, the Beechwood Insiders, and the Co-Conspirators to enrich themselves and their related parties at the expense of SHIP and similarly situated investors.

238. For example, the Beechwood Advisors deployed SHIP's money in loans or other investments in which Platinum Entities, Beechwood Entities, and their owners had direct or indirect interests, including investments into PPCO and PPVA, and loans to companies in which various Platinum Funds had taken large stakes through equity or debt investments. Beechwood made these investments without disclosing that they were related-party transactions that presented an obvious conflict of interest for Beechwood.

239. In at least one instance, Beechwood and the Co-Conspirators instructed their retained third-party valuation and ratings companies to delete references to Platinum-controlled investments in their quarterly reports to SHIP, knowing that such disclosures would raise suspicion.

240. Examples of such related-party transactions include, but are not limited to:

a. Golden Gate Oil, LLC: 7.3 million. Forty-eight percent of the equity in Golden Gate was owned by PPVA through another of its wholly owned subsidiaries, Precious Capital LLC. Despite internal knowledge that Golden Gate Oil was a distressed asset, the Platinum Insiders and Beechwood Insiders continued to make false representations concerning the company's value. In February 2014, Platinum sold its loan to BAM, as an agent for another Beechwood entity, for par value, which was stated to be just over $28 million. When BAM sold a portion of that note to SHIP—at or around par—in April 2015, it did not disclose the related-party nature of this transaction. Further, it was well known internally that Golden Gate was a seriously distressed asset at the time. [redacted]

[redacted]

The transaction was clearly not made at arm's length;

b. Montsant Partners, LLC: In January 2015, acting on SHIP's behalf, BAM acquired an unsecured note issued by Montsant Partners, LLC. Montsant (discussed in detail later) is a wholly owned subsidiary of PPVA, a fund in which Beechwood had already caused SHIP to become heavily invested. BAM, as SHIP's agent, executed the Note Purchase Agreement on SHIP's behalf. Nordlicht and David Steinberg, both Platinum executives, executed the Note Purchase Agreement on behalf of Montsant. The loan was not for any specific purpose but rather was designated simply to be disbursed to Montsant's "parent company, PPVA." That Montsant is wholly owned by PPVA was not disclosed to SHIP before BAM acquired the unsecured note using SHIP's assets. The transaction was not made at arm's length;

c. Milberg Hamilton Capital Credit Facility: In April 2015, BAM acquired a participation interest in the Milberg Hamilton Capital Credit Facility for approximately $8 million ("Milberg"). Milberg's original credit facility (into which SHIP acquired a participation interest) was between Milberg and Hamilton Capital. Hamilton Capital is a wholly owned subsidiary of PPCO—a fund in which Beechwood had already caused SHIP to become heavily invested—a fact that was never disclosed to SHIP. The transaction was not made at arm's length;

d. Lumens Energy Group LLC: On September 1, 2015, Beechwood caused SHIP to participate in a prior loan to a company called Lumens Energy Group LLC ("Lumens"). Lumens was founded by David Levy, Michael Katz, and Isaac Barber, another Platinum Insider and principal of Marbridge Energy Finance Fund—a Platinum fund which Beechwood also caused SHIP to subscribe to in the amount of nearly $7 million. As provided in Lumens' December 10, 2013 Amended and Restated Operating Agreement, Lumens' membership included IBLE Holdings LLC (owned by Isaac Barber), IBDL Holdings LLC (owned by Barber and David Levy), Manor Lane Associates LLC (having the same address as Murray Huberfeld, and having Huberfeld's daughter Jessica Beren as a signator), Grosser Lane Associates LLC (having the same address as David Bodner, and having Bodner's daughter Tzipporah Rottenberg as signator), and Palladium Resources LLC (having the same address as Platinum Partners offices, and having Dahlia Kalter as signator). Lumens, along with a subsidiary, was sold to Agera on or around September 30, 2015 for a profit and the assumption of all of the company's debt. The related-party nature of the transactions was never revealed to SHIP. These transactions were was not made at arm's length;

e. China Horizon Investment Group: The Platinum and Beechwood Insiders caused SHIP to invest in two promissory notes with China Horizon Investment Group. Platinum was heavily invested in China Horizon Investment Group. A September 22, 2015 letter from the SEC to Mark Nordlicht regarding certain investigations asserts that: "After providing assistance on China Horizon for some time, [Bernard]

Fuchs approached [Mark Nordlicht] about becoming a Partner [at Platinum Partners] and the Partnership commenced in January 2014." Mr. Fuchs and Danny Saks were both on the Board of Directors of China Horizon Investment Group. The related-party nature of the transactions was never revealed to SHIP. Neither transaction was negotiated at arm's length;

f. Kennedy Sobli Consultants: In November 2015, the Platinum and Beechwood Insiders caused Beechwood to buy a promissory note from Kennedy Sobli Consultants, a company owned by Bernard Fuchs—a partner at Platinum Partners—and his family. The loan was related to the purchase of three nursing homes. The loan was personally guaranteed by Fuchs. Fuchs claimed to be worth approximately $30 million, based largely on investments in PPCO and PPVA. Bernard Fuchs' relationship with Platinum Partners was never revealed to SHIP. The negotiation was not made at arm's length.

These examples represent only a sampling of the Platinum-related investments in which the Platinum and Beechwood Insiders caused SHIP to become invested. Other examples include, but are not limited to: Desert Hawk Gold Corp.; LC Energy Operations LLC; Implant Sciences; ALS Capital Ventures LLC; Marbridge Energy Finance Fund; Mysyrl Capital LLC; NorthStar Group Holdings; Black Elk Energy Offshore, and Principal Growth Strategies LLC. None of these were arm's-length deals as they related to SHIP's assets.

241. Other, additional loans and investments entered into by Beechwood on SHIP's behalf have counterparties with close connections to Platinum, Nordlicht, Huberfeld, Bodner, or Levy. None of these investments conformed to the investment guidelines incorporated into the IMAs. None of these properly disclosed to SHIP and accounted for the related-party nature of the deals. None of these investments were made with the best interest of SHIP in mind. All of these investments were made with the primary intent to enrich the Co-Conspirators.

242. Additionally, despite requirements to do so, none of the Platinum Funds, including PPVA, PPCO, Marbridge, or Bayberry, ever reported any of these transactions on their annual financial statements as related-party transactions, despite reporting other such transfers and transactions. Among other things, the related-party nature of the transactions would affect the

value of the investments. Platinum furnished to Beechwood, as SHIP's agent, Annual Reports that misrepresented material facts by omitting any of these transactions as related-party transactions on its financial statements. The omission of these transactions in Platinum's annual reports was intentional, for Platinum clearly was aware of the investments and their nature.

243. Further, Platinum never sought nor acquired consent from SHIP, a client of several Platinum Funds, as required by Platinum's 2011 and 2015 Compliance Policies and Procedures Manual—which was supposed to be signed and acknowledged by all employees of Platinum—and Section 206(3) of the Investment Advisers Act of 1940, prior to entering into these related-party transactions. Platinum's failure to acquire such consent from SHIP is further proof that Platinum and Beechwood were attempting to conceal their relationship in order to further the Platinum-Beechwood Scheme and defraud their investors.

244. Far removed from the safe, well-vetted, well-collateralized middle market credit transactions that SHIP expected, based on Beechwood's representations and SHIP's status as a reinsurer in run-off, the Platinum-related loans were high-risk investments that had been made to entities pursuing highly speculative ventures. The loans carried artificially high interest rates and were subject to fees and upfront payments that were not reasonably supported by the financial condition or outlook of the obligors. Beechwood, the Beechwood Insiders, and the Co-Conspirators knew when they structured these loan investments that a high probability existed that the obligors would default and would fail to repay the principal. When they purchased these investments on SHIP's behalf (typically from PPCO, PPVA, an entity managed by or related to Beechwood, or an entity related to someone the Beechwood Insiders knew), they knew, or were grossly negligent in not knowing, that the investments were severely distressed, defaulting, or about to default and done with ulterior motivations.

245. Platinum was able to perpetuate these investments and prolong the Platinum-Beechwood Scheme only for as long as Beechwood attracted new investors or diverted funds from existing investors to structure and restructure the investments and thereby continued to use them to funnel cash, fees, and payments to Beechwood, the Beechwood Insiders, Platinum, and the related parties and Co-Conspirators. In at least this essential respect, everything done by Beechwood in connection with SHIP was done in service of Platinum. And all the Co-Conspirators understood this essential truth, because it was Beechwood's *raison d'etre.*

246. Additionally, in direct contravention of the IMA language directing Beechwood to "minimize commodities market exposure" in "loans collateralized by natural resources reserves," many of the Platinum-related investments and high-risk investments were in fact collateralized by "natural resources reserves[.]" These loans include, but are not limited to, San Gold Corp., Golden Gate Oil, Black Elk Energy Offshore, and Desert Hawk Gold Corp. Thus, even if the fiction were accepted that the investments were entered in good faith, they were wholly inappropriate for SHIP.

247. As noted, Beechwood entered into numerous transactions that placed its interests and those of Platinum or Platinum-related individuals ahead of SHIP's, in breach of the IMAs, Beechwood's fiduciary duties, and the representations Beechwood had made in seeking to induce SHIP's investments. In addition to using SHIP funds to acquire high-risk and over-valued investments that had been owned or structured by Platinum, Beechwood caused SHIP to invest nearly $40 million directly in certain Platinum funds, including PPCO and PPVA. This was particularly harmful to SHIP, because the same high-risk investments, with their false and inflated values, in which SHIP became invested directly, such as Agera, Black Elk, and Golden Gate, for instance, also represented a significant percentage of the PPCO and PPVA portfolios. SHIP thus was victimized through double exposure to Platinum's problems.

248. A few examples of the complex transactions Beechwood and Platinum conceived of illustrate the gross malfeasance on the part of the Co-Conspirators, as do those described elsewhere in this pleading.

a. Montsant Partners LLC

249. BAM's investment in Montsant Partners, LLC ("Montsant") exemplifies the Beechwood Advisors' misuse of SHIP's assets to enrich Platinum-controlled entities to SHIP's detriment. Montsant is a Delaware limited liability company that is wholly owned by PPVA. Nordlicht, one of the founders of the Platinum fund complex, is Montsant's managing member.

250. On January 30, 2015, at BAM's sole direction and just two weeks after the BAM IMA was executed, funds deposited in the BAM IMA account were used to acquire, on SHIP's behalf, an unsecured term note issued by Montsant in the principal amount of $35,500,000.

251. Daniel Saks of BAM signed the January 30, 2015 Montsant Note Purchase Agreement (the "Montsant NPA") on behalf of SHIP as its investment manager. Saks also signed the Montsant NPA on behalf of BAMAS, which served as SHIP's agent for the transaction. David Steinberg, another Platinum executive, executed the Montsant NPA on behalf of Montsant.

252. The Montsant NPA, which was not provided to SHIP before BAM made the investment on SHIP's behalf, specifies that Montsant "shall use the proceeds of the sale of the Notes to disburse to its parent company, PPVA." In other words, BAM took $35,500,000 of SHIP's funds and handed these funds directly into Platinum's control by way of the Montsant NPA.

253. The Montsant NPA also contained a post-closing collateralization requirement. Between January 30, 2015, and April 16, 2015, the NPA was amended nine times to extend the date for the required collateralization. Ultimately, Montsant purported to pledge a small amount

of collateral that appears to have lacked any monetary value even remotely commensurate with Montsant's debt obligation. Further, in a complex and arcane structure typical of those used by Beechwood, this collateral simultaneously served as collateral for the debt to be collected under two other defaulted investments in which Beechwood had invested SHIP policy reserves.

254. BAM's use of SHIP's assets to enrich Platinum through the Montsant investment constitutes a breach of the BAM IMA, including the implied covenant of good faith and fair dealing, and of the fiduciary duties owed by each of the Beechwood to SHIP, and evidences Beechwood's concerted efforts to defraud SHIP by using SHIP's assets to enrich and benefit themselves and Platinum to SHIP's deliberate detriment, all in furtherance of the common scheme.

255. The $35,500,000 note, which was never properly secured, provided for an initial two-year term and SHIP should have received repayment of principal and any accrued and unpaid interest on January 30, 2017. After numerous amendments to the Montsant NPA, however, this date was extended to June 30, 2017. By this time, the interest rate had been amended, some funds had been improperly reclassified by Beechwood, and SHIP had only received a small portion of its funds back. To this day, SHIP has not been paid back its principal and has not received any payment of interest on this note.

256. In conjunction with the January 30, 2015 Monstant NPA, Nordlicht and Kalter "jointly and severally guarantee[d] that the Obligations [of the Montsant NPA] will be paid strictly in accordance with the terms of the Documents . . . ." The Guaranty was signed by both Mark Nordlicht and Dahlia Kalter. The Guaranty was intended for the benefit of the "Creditor Parties," who were defined as SHIP and BAMAS. SHIP was the sole Lender in regard to the Montsant NPA, and the Guaranty specifically references "that certain Unsecured Term Note issued by [Montsant] to [SHIP] as of the date hereon in the stated principal amount of $35,500,000 . . .

." Further, both Mark Nordlicht and Dahlia Kalter executed affidavits of confession of judgment, individually. Both affidavits were duly witnessed and notarized. Despite these guaranties, neither Nordlicht nor Kalter have repaid, or caused to be repaid, any portion of the $35,500,000 loan, and, upon information and belief, BAMAS has never filed the confessions of judgment with any court.

b. PEDEVCO Corp.

257. In addition to direct investments in Platinum or Platinum-related investments, SHIP's funds were used to salvage and perpetuate highly speculative, poorly performing investments structured by Beechwood, the Beechwood Insiders, and related parties. For example, at BAM's sole direction, funds deposited in the BAM IMA account were used to acquire, on SHIP's behalf, debt interests in an entity known as PEDEVCO Corp. ("PEDEVCO"), as described below. While PEDEVCO was not owned by Platinum, it was not free from Platinum's influence because Platinum inserted one of its executives on the Board of Directors. David Steinberg, a senior vice president and portfolio manager for Platinum, joined the board of PEDEVCO by July 2015. BAM used SHIP's funds to purchase, at par value, highly risky distressed debt that PEDEVCO originally had issued to Beechwood-related entities, and then attempted to alter and subordinate SHIP's interests so that the Beechwood-related entities would be preferred over SHIP in the likely event that PEDEVCO defaulted on its obligations.

258. PEDEVCO's primary business activity was the acquisition, exploration, development, and production of oil and natural gas shale in the United States, with a secondary focus on conventional oil and gas investments. As such, PEDEVCO was a highly speculative business carrying a high degree of risk, because the success of its business depended not only on its ability to find and extract these natural resources but also on whatever the prevailing prices of oil and natural gas were at the time of extraction. Under the best of circumstances, PEDEVCO

would be an entirely unsuitable investment for SHIP, even without the favoritism shown to other interests over SHIP's, because an investment of this type typically lacks early positive cash flow and liquidity. At the time that BAM forced SHIP into PEDEVCO, however, circumstances were particularly grim for the oil and gas industry, as oil and natural gas prices were rapidly declining. Notwithstanding the price decline and its negative effect on PEDEVCO's value and creditworthiness, BAM exercised its complete discretion under the IMA and used BAM IMA funds contributed by SHIP to purchase a portion of the Beechwood investment at full par value.

259. Specifically, on or about March 7, 2014, PEDEVCO had entered into a senior debt facility with five Beechwood investors, including Beechwood Re BCLIC Primary Trust ("BCLIC Primary"), an entity that had loaned PEDEVCO $11,800,000. The loan from BCLIC Primary was evidenced by a Senior Secured Promissory Notice issued by PEDEVCO on March 7, 2014 (the "2014 Pedevco Note").

260. On or about October 7, 2014, BCLIC Primary entered into a Participation Agreement with BBIL pursuant to which BBIL acquired a $2,433,383.06 participation interest in the 2014 Pedevco Note (the "BBIL Participation Interest"), reducing BCLIC Primary's investment by that amount. Taylor signed the BBIL Participation Interest on behalf of BBIL.

261. The prices of oil and natural gas declined by 50% between March 2014 and April 2015. As a result, PEDEVCO's financial condition had deteriorated and the likelihood of repayment of the 2014 PEDEVCO Note was low. Despite this perilous condition, in April 2015 BAM purchased, on SHIP's behalf, the 2014 PEDEVCO Note (which was subject to the BBIL Participation Interest) from BCLIC Primary. SHIP's purchase was made pursuant to an Assignment Agreement, dated April 16, 2015, between BCLIC Primary and SHIP. Saks executed the Assignment Agreement on SHIP's behalf.

262. After using SHIP's funds to rescue BCLIC Primary from this poor investment and dumping it on SHIP, BAM doubled down on the harm to SHIP by restructuring PEDEVCO's debt (including the 2014 PEDEVCO Note) in 2016 to assure that Beechwood entities would be repaid in full with interest, charges, and fees, ahead of and to the detriment of other investors, including SHIP.

263. The price of oil and the price of natural gas continued to decline, and by the beginning of May 2016 PEDEVCO needed more financing. In May 2016, Beechwood arranged to have two of its related entities, BBLN-PEDCO Corp., a Delaware corporation ("BBLN") and BHLN-PEDCO Corp., a Delaware corporation ("BHLN"), provide additional financing to PEDEVCO pursuant to the terms of an Amended and Restated Note Purchase Agreement dated as of May 12, 2016, by and among PEDEVCO, BBLN, BHLN, and others, including SHIP (the "2016 NPA"). The 2016 NPA was negotiated by Dhruv Narain, BAM's then-CIO, who also executed the 2016 NPA on behalf of SHIP in his capacity as authorized signatory for BAM. Narain also executed the 2016 NPA as authorized signatory for BBLN-PEDCO and PHLN-PEDCO.

264. Pursuant to the 2016 NPA, the existing investors, including SHIP, had their existing Senior Secured Promissory Notes replaced with Amended and Restated Secured Promissory Notes ("Tranche B Notes") that were subordinated to Senior Secured Promissory Notes ("Tranche A Notes") that PEDEVCO issued to BBLN and BHLN. The 2016 NPA also increased the size of SHIP's loan to PEDEVCO from $11,800,000 to $12,585,118.75 (the "SHIP PEDEVCO Note") by adding accrued and unpaid interest to the principal. That is, Beechwood decreased the relative priority of SHIP's investment position at the same time that it increased the size of SHIP's financial commitment in a failing venture.

265. At the time of the 2016 NPA, PEDEVCO lacked the capital to extract oil and natural gas from its properties and thus had no viable means of generating enough funds to repay both the Tranche A and the Tranche B debt. Because the self-dealing terms of the 2016 NPA provided for BBLN and BHLN to be repaid in full (including interest) before SHIP would receive even one cent in repayment of the SHIP PEDEVCO Note, SHIP was set up from the outset to lose its entire investment. Worse, having staked out a priority position, BBLN and BHLN made SHIP's recovery even less likely in that they failed to fund their commitments fully, providing only $6.4 million of the $12.5 million promised to PEDEVCO to fund its operations.

266. PEDEVCO ultimately acknowledged its inability to repay the Tranche B Notes, which included the SHIP PEDEVCO Note. SHIP has been forced to take pennies on the dollar for its interests in the PEDEVCO Note, all because of the actions of Beechwood and the Beechwood Insiders, including the subordination of the PEDEVCO Note to the Tranche A Notes. Beechwood, by contrast, abused its investment management authority and maneuvered to its favor and SHIP's detriment such that both BBLN-Pedco and BHLN-Pedco have largely recovered their principal investments in the Tranche A Notes.

267. These PEDEVCO-related transactions, including most egregiously the 2016 NPA and the purported subordination of the PEDEVCO Note to the Tranche A Notes, constitute a breach of the IMAs, including the implied covenant of good faith and fair dealing, and of the fiduciary duties owed by each of the Beechwood to SHIP, and evidence Beechwood's concerted efforts to defraud SHIP by using SHIP's assets to enrich and benefit themselves without regard for and to the deliberate detriment of SHIP.

d. Agera Energy

268. Among the most egregious abuses of Beechwood's access to SHIP's funds involves AGH Parent, LLC ("AGH Parent"), a vehicle through which tens of millions of dollars of SHIP's funds were funneled to PPCO and PPVA, while structuring the ownership of the investment in a highly complex and opaque manner that positioned Beechwood and their related parties to exit their positions in AGH Parent successfully and at a large profit, while leaving SHIP with illiquid investments of uncertain value. Indeed, Taylor and Feuer concealed their own significant ownership positions in AGH Parent by way of no less than four separate entity layers.

269. An entity known as Agera Energy, LLC ("Agera Energy") was formed in March 2014 to enable Platinum Partners to acquire surreptitiously the assets of electricity and natural gas retailer Glacial Energy Holdings Inc. ("Glacial"), which was then the subject of Chapter 11 bankruptcy proceedings. Platinum Partners was Glacial's lender and had taken an ownership stake in the entity when it was unable to repay its debt.

270. Shortly after Agera Energy's formation, Platinum Partners purported to make a loan to Agera Energy secured by a note that could, at the holder's option, be converted into ownership of nearly all of the company's equity interests. This convertible note, and the equity rights it represented, would ultimately become the vehicle through which Platinum Partners, aided by Beechwood, would use investor money – including funds from SHIP – to realize in excess of $100 million in profits and fees without investing or risking any appreciable amount of its own funds.

271. Specifically, in May 2014, Agera Energy issued a Secured Convertible Promissory Note (the "Original Note") to Principal Growth Strategies LLC ("PGS"). On June 11, 2014, the Original Note was amended and restated into a $600,071.23 Secured Convertible Promissory Note (the "Convertible Note"), which granted PGS the unconditional option to exchange the Convertible Note for 95.01% of the equity interests in Agera Energy. PGS is owned 55% by PPVA and 45%

by PPCO. It is unknown whether, as with many Platinum Partners-related company loans, these transactions existed only on paper or whether funds actually were transferred.

272. On June 17, 2014, Michael Nordlicht acquired 100% of the equity in Agera Energy. At the time of the sale, Michael Nordlicht was a recent law school graduate who previously had worked as an analyst at Platinum Management for his uncle, Mark Nordlicht. It is unclear what, if anything, he paid for his interest in Agera Energy.

273. The next day, on June 18, 2014, Michael Nordlicht sold a 4.99% interest in Agera Energy to Beechwood Re. It is unclear what, if anything, Beechwood Re paid for that interest.

274. Also on June 18, 2014, Beechwood-related entities, including Beechwood Re, acquired $51.9 million of senior secured debt issued by Agera Energy. SHIP provided $30 million of the $51.9 million loaned. Agera Energy used the loan proceeds to fund its purchase of Glacial assets for $53 million. Treating the SHIP IMA accounts like Beechwood's personal stash of cash, BBIL transferred $30 million from SHIP's BBIL IMA account to Beechwood Re, which is identified as the owner of the senior secured debt attributable to SHIP's payment, falsely creating the impression that Beechwood Re was the source of the funds that Agera Energy used to buy Glacial and falsely inflating Beechwood Re's balance sheet.

275. The transaction was reported on SHIP's IMA account statements as a $30 million secured term note issued by Agera Energy at 14% interest. SHIP's principal was repaid by December 2014, apparently without any accrued interest being paid.

276. As a result of this transaction, Platinum Partners and Beechwood essentially owned Agera Energy, which in turn owned the Glacial assets, without any evidence of having expended any funds of their own. Instead, they used Beechwood's access to SHIP's assets within the IMA

accounts and other investor money to fund the acquisition, but did not provide any equity stake to SHIP and did not even pay SHIP interest for the use of its funds.

277. In April 2015, Platinum and Beechwood needed more capital to buy two smaller energy retailers and to otherwise fund activities. Once again, Beechwood reached into SHIP's pockets, and BAM caused SHIP to loan $14 million to Agera Energy to fund its purchase of Energy.me LLC and Lumens Energy Group, LLC. As before, the acquisition loans were repaid without interest.

278. After Narain became BAM's CIO in January 2016, he continued BAM's past practices of courting SHIP for additional funds to serve Agera's – and, by extension, Platinum and Beechwood's – interests. Throughout his tenure as CIO, he sought to cultivate a relationship of trust and confidence with SHIP, working closely with Wegner, Lorentz, and other SHIP executives to orchestrate further transactions with Agera and other Platinum-controlled entities.

279. By April 2016, circumstances had become dire for the cash-strapped Platinum funds. Narain, who had taken the helm as CIO at BAM, began to seek a buyer for Agera Energy in order to exit the investment. In order to assure that Agera Energy would be sold at a massive profit that would primarily benefit Beechwood, Platinum, and other related parties, Narain and the Co-Conspirators embarked upon a scheme designed to drive up the value of Agera Energy artificially while funneling tens of millions of investor dollars to the Platinum funds.

280. Working in concert with Platinum, Narain and Beechwood orchestrated the sale and resale of the Convertible Note to investors, including SHIP, in a series of transactions that ultimately resulted in the transfer of $65 million in cash and $105 million in other assets to PGS in order to prop up PPCO and PPVA. Narain, acting for Beechwood, maneuvered the transactions as described below so that Beechwood and Platinum Entities and insiders received unearned equity

interests in the Agera enterprise, Beechwood retained complete control over Agera Energy, and the Beechwood, Platinum, and other related parties would essentially siphon off any profit.

281. Specifically, on April 1, 2016, pursuant to an Assignment of Note and Liens (the "First Repo Agreement"), PGS assigned the Convertible Note to BBIL ULICO 2014 ("BBIL ULICO"), Beechwood Bermuda Investment Holdings Ltd. ("BBIH"), and BBIL (together, the "First Repo Assignees") in exchange for $15 million in cash, of which $2.5 million (representing 16.7%) was funded from SHIP's BBIL IMA funds. The First Repo Agreement gave PGS the unconditional right to repurchase the Convertible Note by repaying the $15 million purchase price, plus a fee, by June 15, 2016. The $15 million price did not reflect the value of the Convertible Note and appears to represent the amount of money that Platinum needed at that moment to survive, pending a sale of the Agera Energy enterprise.

282. PGS did not exercise its repurchase right by the repurchase date or ever repay the $15 million purchase price. Nonetheless, on May 12, 2016, BAM caused the First Repo Assignees and a newly formed Beechwood entity, BBLN-Agera Corp. ("BBLN-Agera"), to enter into an Amended and Restated Assignment of Note and Liens (the "Second Repo Agreement"), which effectively resold the Convertible Note at a new purchase price of $25 million. This price included the $15 million previously paid by the First Repo Assignees. The remaining $10 million was paid to PGS by BBLN-Agera. Of that $10 million, $5 million was funded from SHIP's BBIL IMA account. These transactions funneled $25 million in new investor money (including a total of $7.5 million from SHIP) to PGS, and thus to PPVA and PPCO, at a time when both entities were in the midst of a liquidity crisis and required immediate capital infusions. Nothing changed with respect to Agera Energy between April and May 2016 that could justify a $10 million increase in the value

of the Convertible Note. The sole driver of the increase in the purchase price was Platinum's need for immediate cash.

283. The Repo Note transactions were short-term fixes designed to keep funds flowing to Platinum pending the exit event that Narain was orchestrating. In order to assure large payoffs to Platinum, Beechwood, and their related parties, on May 31, 2016, Beechwood caused the formation of AGH Parent to acquire the Convertible Note from PGS for $170 million in new cash and investment assets, including substantial equity in AGH Parent while, at the same time, giving Beechwood control over the operation of AGH Parent and, thus, Agera Energy.

284. The $170 million purchase price for the Convertible Note was not supported by any third-party valuation of the Agera enterprise. In addition, it is unfathomable that the true value of the Convertible Note could have increased from $15 million in April 2016, to $25 million in May 2016, and then to $170 million in June 2016. Rather, the $170 million purchase price was negotiated between Narain on Beechwood's behalf and related party Platinum based on the needs of Platinum for cash to satisfy demands for investor withdrawals, to support distressed investments, and to provide the appearance of valuable assets in Platinum funds in order to stave off the impending insolvencies of these funds. Further, PGS had invested no money, beyond the initial (at least on paper) $600,071.23 note value in the enterprise. Every penny of the acquisition of the Agera assets had been funded by Beechwood investors, primarily SHIP, on terms that were unfair to those investors, who had taken all of the risk. Had the Beechwood Advisors acted prudently and in SHIP's best interests, SHIP would have held the majority of the equity in Agera Energy directly or through the option represented in the Convertible Note. Instead, having caused SHIP to fund most of the acquisition costs for the underlying energy assets, as well as two

purchases of the Convertible Note, the Beechwood Advisors, led by Narain, allowed PGS to reclaim "ownership" of the Convertible Note, all in order to funnel more cash to PGS.

285. In an effort to generate new investment dollars for PGS, Narain and Feuer approached SHIP in mid-May 2016 to invest funds in what was to become AGH Parent outside of the IMA agreements. On or around May 13, 2016, Narain and Feuer contacted SHIP, noted that they planned to be in town to meet with CNO, and asked to meet with SHIP in SHIP's office. That meeting occurred on May 19, 2016. That was the first time that SHIP met Narain, who was introduced as Beechwood's new CIO. Feuer and Narain extolled Narain's background and experience as an investment manager, noting that Narain, like Taylor, had a license as a Series 7 registered representative.

286. The sole purpose of this visit was to induce SHIP to unwittingly fund the Agera exit scheme that Narain had contrived for the benefit of Platinum and Beechwood investors. During that visit, Narain took the lead in walking Wegner and Lorentz through the details of what he and Feuer characterized as a tremendous "opportunity" for SHIP. Narain and Feuer told SHIP that the owners of PGS needed to generate cash and, thus, were motivated to sell Agera Energy on favorable terms. Narain represented that he had done extensive diligence on Agera Energy and had worked with Duff & Phelps to evaluate the value of Agera Energy, including its potential for growth and for sale within four to five years at a substantial profit.

287. Wegner and Lorentz were intrigued, but initially hesitant, because Feuer and Narain were proposing that these investments would be funded with new money outside of the existing IMAs. As the pitch continued, however, they became impressed with Narain, his background, and the seeming depth of his knowledge about the residential energy sector and Agera Energy.

Consequently, their initial hesitation was overcome and replaced with confidence and trust in Narain.

288. At the urging of Narain and Feuer, Wegner and Lorentz flew to New York to attend meetings regarding the proposed investment in Beechwood's offices on May 25, 2016. Narain and Feuer participated, along with individuals from Agera Energy, including Kevin Cassidy, who was at that time a managing director of Agera Energy. Cassidy and others from Agera Energy provided information to SHIP regarding corporation operations and assisted Beechwood and Platinum in soliciting SHIP's investment outside the IMAs. Narain also introduced SHIP to representatives of Duff & Phelps and Morgan Lewis who were, respectively, performing valuation and diligence services with respect to the transaction that Narain was structuring.

289. After these presentations, Narain proposed that SHIP invest $75 million directly into the enterprise. Lorentz resisted this level of additional investment, as he was concerned about the investment concentrations related to Agera that would exist in SHIP's portfolio, as well as the percentage of the portfolio held in limited partnerships generally.

290. Narain persisted, however, and, in an email dated May 26, 2016, proposed what he characterized as a "strawman structure" that he represented would comply with insurance industry standards governing exposure to non-investment grade debt. Narain proposed that SHIP directly invest an "incremental $50mm" in the newly formed AGH Parent, with an additional $20.5 million to be acquired through the IMAs. Narain represented to SHIP that the total exposure would fit within SHIP's investment guidelines and investment concentration limits imposed by Pennsylvania insurance regulations. Narain further represented that Beechwood would sell certain limited partnership interests in the IMA accounts, including reducing SHIP's PPCO LP investment

from $32 million to $5.5 million and bringing SHIP's PPVA investment below $5.5 million, in order to address SHIP's limited partnership concentration concerns.

291. Based on the information received by and through Narain and Beechwood, Lorentz and Wegner determined that they would make the proposed investment on behalf of SHIP. Lorentz remained concerned about the amount of money being invested in Agera, however, and Narain agreed (i) that following the transaction, Beechwood could not make any additional Agera related investments in the IMA accounts without express approval from SHIP and (ii) Beechwood would arrange for the purchase of $25 million of SHIP's direct investment in AGH Parent within three to four months.

292. Assured by Narain and Feuer, their fiduciaries and trusted investment advisers, that the deal was in SHIP's best interests, and assured by Narain that SHIP's investments in limited partnerships and in Agera would be adjusted in the described manner, SHIP agreed to move forward with the proposed investments in AGH Parent.

293. Narain advised SHIP that it intended to conclude the transactions by which SHIP would invest in AGH Parent and AGH Parent would then purchase the Convertible Note on June 6, 2016. On June 1, 2016, Narain emphasized in an email to Lorentz and SHIP's drafting counsel that "we have a motivated seller who very much needs the money. As a result, we are really trying to close and fund on Monday[, June 6, 2016]."

294. The transactions did not, however, close on June 6, 2016. Rather, on June 7, 2016, Wegner contacted Narain by email expressing concerns regarding findings made in a supplemental diligence report from Morgan Lewis, which was acting as counsel to AGH Parent. Literally one minute following Wegner's email, Narain responded that "we have spent a lot of time with the lawyers" and promised to call within an hour.

295. Narain did follow-up with SHIP and provided reassurances regarding the transaction and why SHIP had no reason for concern. SHIP trusted Narain and had confidence in him. Consequently, it believed him and accepted his explanations.

296. At 6:41 a.m. on June 9, 2016 – the morning after Huberfeld's arrest – Narain sent an email to: Beechwood's drafting counsel; Bill Brenton and Christian Thomas of BAM; David Steinberg of Platinum; and Michael Nordlicht of Agera Energy (but not to SHIP) stating that he would "follow up with SHIP," and urging the group to "move aggressively to close and fund as soon as humanly possible." Narain's demand for aggressive and swift action did not go unheeded.

297. On that day and the day before, Beechwood concluded numerous related deals and caused and induced SHIP to enter into a series of unconventional and complex transactions (the "June 2016 AGH Transactions") that were designed to avoid detection of the scheme that appears to have been orchestrated primarily by Narain on behalf of Beechwood. These transactions include, but are not limited to:

a. Certain Platinum-related distressed assets in accounts under management at Beechwood (including SHIP's accounts) were assigned to AGH Parent pursuant to an Assignment Agreement dated June 8, 2016 (the "Assignment Agreement");

b. PGS re-acquired the Convertible Note from BBLN-Agera and the First Repo Assignees under the Assignment of Secured Convertible Promissory Note dated June 9, 2016 (the "Repurchase Assignment");

c. The Convertible Note was amended and restated, then sold by PGS to AGH Parent for $170,000,000 in cash and non-cash consideration to PGS under a Purchase Agreement dated June 9, 2016 (the "PGS Note Purchase Agreement");

d. Beechwood caused its investor clients (including SHIP) to contribute cash and non-cash interests (primarily in additional distressed Platinum assets) in exchange for B-1 Units in AGH Parent valued at $100 per unit pursuant to a Contribution Agreement dated June 9, 2016, among AGH Parent and various transferors (the "Contribution Agreement");

e. AGH Parent was recapitalized under an Amended and Restated Limited Liability Company Agreement (the "LLC Agreement") that gave Beechwood full management control of AGH Parent;

f. AGH Parent issued $51,960,000 of secured notes to various investors (including SHIP) pursuant to a Note Purchase Agreement and related documents, in exchange for a mix of cash and asset contributions; and

g. Beechwood entered into a Purchase Option Agreement on behalf of certain Beechwood investors (including SHIP) that provided those investors (including SHIP) with a collective option to purchase a 4.99% equity interest in Agera Holdings.

298. At the closing that occurred on June 9, 2016, AGH Parent paid PGS $65,293,540 in cash; $43,666,460 in scheduled debt and equity instruments, including various debt instruments then held by SHIP; 3,438 newly issued Class B-2 Units in AGH Parent with an original value of $2,000,000; and 590,400 Class C Units in AGH Parent with an original value of $59,040,000. PGS also repaid the $25 million it received under the Repo Note transactions as the consideration for reacquiring the Convertible Note under the Repurchase Agreement.

299. Significantly, AGH Parent reserved a right to redeem a portion of the Class C Units from PGS in exchange for certain Platinum-related assets that were scheduled and given an agreed value as part of the transactions. Given the distress of the Platinum fund complex, this redemption right was included in order to give Beechwood and Platinum insiders a mechanism to attempt to transfer equity in AGH Parent to themselves in the event that PGS or its owners were placed into insolvency or receivership proceedings.

300. The cash and securities paid to PGS exceeded $55 million, including $50 million that came from SHIP and was not invested directly through one of the existing IMA accounts.

301. In exchange for its direct investment of $50 million in AGH Parent, SHIP received 350,000 Class A Preferred Units, a B-1 Senior Secured Note issued by AGH Parent in the principal amount of $15 million, and 5,730 Common Units in AGH Parent as an "equity kicker." SHIP also received a $940,000 B-1 Senior Secured Note issued by AGH Parent and a $5,000,000 interest in

BBLN-Agera's $9,060,000 B-1 Senior Secured Note issued by AGH Parent from cash and assets contributed through the IMA Accounts.

302. BAM Management Services LLC ("BAM Management"), which is wholly owned and controlled by Beechwood, was appointed as the Manager of AGH Parent. As such, BAM Management essentially had complete discretion to manage AGH Parent in exchange for a fee of $1 million per year. Another Beechwood entity, BAM Administrative Services, LLC ("BAM Administrative"), which served as the administrative agent for all Beechwood-related debt investments that Beechwood acquired for the account of SHIP, was appointed as the administrative agent on the AGH Parent debt. Thus, between BAM Management and BAM Administrative, Beechwood possessed complete control over all of SHIP's interests in AGH Parent, Agera Energy, and any related entities.

303. After giving effect to the June 2016 AGH Transactions, SHIP's total investment in AGH Parent, Agera Holdings, Agera Energy, and any related entity was approximately $60 million.

304. Narain worked closely with the Platinum Insiders and Beechwood Insiders to ensure that these transactions were consummated. In particular, Steinberg and Ottensoser – working with others, including Michael Nordlicht, Narain, and Kevin Cassidy – were responsible for preparation of the documents by which various portions of the transaction were consummated.

305. The Platinum Insiders knew at each step of the way that the valuations supporting the June 2016 AGH Transactions were fraudulent. For example, the $170 million paid in connection with the PGS Note Purchase Agreement was significantly below the valuation of the PGS Note delivered to SanFilippo on the very same day that the June 2016 AGH Transactions closed.

306. At the time of these transactions, SHIP had no reason to doubt Beechwood's integrity or to question whether it and its principals were prioritizing SHIP's best interests. To the contrary, SHIP had every reason to believe that Beechwood and its team, including Narain, were committed to SHIP's best interests. On the very day of the transaction, Narain sent an email to Lorentz stating: "You have our commitment that we will do everything in our power to make this the very (sic) investment for you that we can."

307. Unfortunately, that commitment did not extend to telling the truth. As an example, Beechwood did not fulfill its promise to purchase SHIP's $25 million direct investment in AGH Parent at all, let alone within the promised three to four months. Instead, Beechwood continued to help Platinum perpetuate the scheme to the bitter end.

308. As of June 2016, SHIP was unaware of the depth of the undisclosed and conflicted connections that existed between Beechwood, Platinum, and Agera Energy. For example, diligence by Morgan Lewis disclosed that Cassidy had been convicted of crimes on more than one occasion. SHIP expressed concern that a convicted felon was employed by Agera Energy. Narain, however, assured SHIP that Cassidy would be leaving Agera Energy after the transaction and would have no future role in the enterprise. In fact, as Narain knew, that was entirely false. Narain knew that Cassidy had been installed as managing director at Agera Energy by Nordlicht, Bodner, and Huberfeld in 2014 following his release from prison for deliberately misstating the value of natural gas derivatives in connection with Optionable, Inc., a fund that Cassidy co-founded and with which Nordlicht had been affiliated. In an April 2016 email from David Steinberg of Platinum to Narain, Steinberg and Narain addressed the need to "take care of Kevin" in relation to the Agera exit scheme and, as Narain was well aware, Cassidy was slotted to receive, and did receive, interests in AGH Parent worth in excess of $13 million through Starfish Capital, an entity

dominated and controlled by Cassidy, for no apparent consideration. Further, Cassidy's employment was not terminated and, upon information and belief, Cassidy is still employed at Agera Energy.

309. In late July 2016, the relationship between Beechwood and Platinum was first reported in the press, resulting in pressure on Beechwood Re in particular both to justify its investment of reserve funds under its various reinsurance agreements with other insurers in Platinum-related entities and to liquidate investments to demonstrate returns.

310. As had been agreed as a condition to SHIP's investment in AGH Parent, Beechwood and SHIP entered into a side-letter pursuant to which Beechwood agreed that it would not make any investment in Agera under the IMAs without SHIP's express consent. Nonetheless, on July 26, 2016, Beechwood caused SHIP to purchase 18,593.80 B-1 Units in AGH Parent from BBIL-ULICO, an entity that appears to have been set up by Beechwood to invest reserves ceded to Beechwood Re under a reinsurance agreement between Beechwood Re and one or more long-term care insurers associated with ULICO Casualty Company. Although these units had been issued to BBIL-ULICO on June 9, 2016, at a valuation of $100 per unit, Beechwood caused SHIP to pay $11,323,000 for them, which represents a purported six-fold value increase in just over one month.

311. Beechwood sought to avoid detection of this elaborate scheme by brokering a sale of AGH Parent, which would result in the unwinding of the structure and the repayment of SHIP's debt and equity interests, without any significant return for SHIP, but at a substantial profit to Beechwood, its principals, and its investors. As part of this scheme, AGH Parent exercised its redemption option with PGS, notifying PGS of its intent to redeem 336,928.93 Class C Units.

312. Later in the summer of 2016, as SHIP's concerns about its exposure to Platinum grew, Narain, Taylor, and Feuer continued to reassure SHIP that the Agera investments were sound. Narain made repeated efforts to placate Wegner and Lorentz, agreeing to meet with SHIP's trustees to "satisfy the board that these are real assets." On August 9, 2016, Narain further assured Lorentz and Wegner that Beechwood "ha[s] taken and will continue to take aggressive action to reduce this exposure [to Platinum-controlled entities] as soon as practicable." In that same email, Narain stated, "we appreciate the trust your organization has placed in us."

313. Narain's unsubstantiated and false reassurances perpetuated and sustained SHIP's perception that Narain and Beechwood were acting in their best interests, and these reassurances continued through the fall of 2016. In one October 2016 email exchange, for example, Narain responded to an article forwarded by Wegner, which stated that Platinum would be paying back a fraction of what it owed to its hedge fund clients, with the false assertion that "no one will get paid anything until we are paid off."

314. In short, even as the scheme was unraveling, Narain and the other Beechwood clung to the false narrative that SHIP's investments were secure and that no cause existed for undue concern.

315. Finally, pursuant to a Purchase Agreement dated November 18, 2016, AGH Parent agreed to sell the Convertible Note and the 49.9 common units of Agera Holdings for a purchase price of $315,000,000. The agreement was negotiated by Narain and was executed by Narain on behalf of AGH Parent and Feuer as Manager of AGH Supplemental. The buyer under this agreement was a third-party, unrelated acquisition vehicle set up by Bamara LLC. Once Bamara and its lenders completed diligence on the transaction, however, they declined to close.

316. In January 2017, AGH Parent redeemed the Class C Units from PGS. Immediately thereafter, and in violation of the LLC Agreement, BAM Management caused AGH Parent to reissue those Class C Units to Beechwood-related entities and various insiders without adequate consideration, thus seeking to assure that, in the event of a sale of the Convertible Note, those sums that (following the redemption) would have flowed to SHIP and others would actually flow to Beechwood-related entities and insiders.

317. In or around January 2017, Narain formed Illumin and moved the remaining Beechwood investment management, operations, and administrative team to Illumin.

318. In or about June 2017, Beechwood entered into one or more transactions with affiliates of Eli Global/Global Bankers Insurance Group through which it sold its interests in various Beechwood entities for, upon information and belief, in excess of $1 billion. Those assets included interests held by Beechwood in AGH Parent for its own account, as well as for the account of certain other investors, not including SHIP, thereby allowing Beechwood, its insiders, and certain Platinum insiders to cash out interests in the Agera enterprise for which they had invested no funds and had taken no risk, while leaving SHIP with nearly $70 million of funds tied up in illiquid interests of questionable worth in an entity now controlled by Eli Global.

319. These examples illustrate Beechwood's distorted priorities and misguided loyalties and show the complex schemes devised and employed to keep SHIP and others in the dark while SHIP's assets were being depleted, misused, and converted to Beechwood's benefit and to SHIP's detriment. Beechwood used SHIP's funds for their own purposes and without regard to the purported purposes of the written agreements and without regard for differences among the various entities and agreements. SHIP's funds were just new fuel to keep the broad scheme burning longer. To perpetuate the scheme, Beechwood deliberately and repeatedly misrepresented the nature of

SHIP's investments and the value of the assets in which it invested SHIP's funds, and omitted key details of the conflicts of interest from which Beechwood suffered in connection with many transactions due to its relationship with Platinum and its decisions to prioritize the interests of such related parties over the interests of SHIP. The Platinum Insiders worked with the Beechwood Insiders to accomplish the scheme's goals every step of the way.

320. Beechwood's actions prevented SHIP, among other things, from discovering the true nature and value of investments made with its assets, denied SHIP the ability to protect its assets from speculative investments, depletion, and misuse by Beechwood. Beechwood further denied SHIP access to full and accurate information about the nature and performance of the investments, thus preventing SHIP from taking earlier actions to protect itself and limit the damage being done to it. Beechwood caused SHIP to expend significant amounts in order to uncover over time the true nature and value of investments made with its assets as well as additional amounts in an effort to alter or exit investments and otherwise to realize any value from such investments in mitigation of Beechwood's unlawful acts. The full extent of the harm caused by Beechwood's manipulations still is not fully known, though we do know that SHIP paid Performance Fees to Beechwood that Beechwood never earned, which resulted in further loss of SHIP's principal, as a result of Beechwood's fraudulent misrepresentations and omissions. And, as set forth throughout this pleading, Platinum and the Platinum Insiders knowingly participated in Beechwood's deceit and breach of fiduciary duties.

ii. Beechwood Overvalues Investments and Collects Performance Fees as a Result

321. Although Beechwood claimed to use "independent valuation" based on "fair valuation practices and methods," SHIP learned after the fact that no truly independent valuations were ever conducted, as Beechwood controlled all material information provided to its third-party

valuation consultants, who accepted that information at face value and did not attempt to audit or verify the accuracy or completeness of any of the information relevant to the valuation of those assets. Instead, the Co-Conspirators grossly overvalued the investments in SHIP's portfolio, and intentionally fed the "independent" valuation firms misleading information, tailored to achieve the desired result: inflated values. For instance, the private market transactions that used SHIP's funds frequently were related-party transactions, which calls into question value, and yet the valuations do not reflect the related-party nature or the fact that they were not conducted in anything approximating an arm's-length manner. The process enabled Beechwood to provide an air of legitimacy to its inflated valuations by essentially laundering them through a third party. This all went on while the Co-Conspirators were well aware of the related-party issues, as well as the distressed nature of the investments.

322. To avoid detection of these practices and to justify their claims to Performance Fees under the IMAs, which were recoverable only if the overall annual return exceeded the 5.85% guaranteed to SHIP, Beechwood, other purported employees of Beechwood, and Beechwood's paid advisors and consultants submitted reports that contained inflated, and in some cases, entirely falsified valuations that purported to show that the Platinum-related investments were performing well and that SHIP's investments were sound.

323. As discretionary investors under the IMAs who were investing primarily in illiquid, private-company debt obligations that did not have a readily ascertainable public market value, Beechwood enjoyed and exercised material discretion and control over the reported valuations of the assets in which it invested SHIP's funds. *See* BBIL IMA ¶ 7; Beechwood Re IMA ¶ 7; BAM IMA ¶ 7 (non-publicly traded assets "shall be valued by or at the direction of [Beechwood] in its reasonable discretion in a manner determined in good faith to reflect fair market value").

Beechwood had a contractual obligation to use good faith judgment in their valuation efforts and to act in what it believed to be SHIP's best interests, a duty which they knowingly and maliciously breached time and time again. The valuations relayed to SHIP were vastly overvalued and misrepresented the true value of the investments.

324. This lack of an available public market valuation and lack of transparency into the valuation process, coupled with Beechwood's status as SHIP's discretionary investment advisor and fiduciary, meant that SHIP had little choice but to rely—and it did rely—on Beechwood to report accurately and in good faith the value of SHIP's investment assets. These misrepresentations, aided by the actions and agreement of the Co-Conspirators, and SHIP's reliance on them caused SHIP to continue their relationship with Beechwood, causing additional harm to SHIP and depriving SHIP of the opportunity to mitigate harm inflicted upon it by Beechwood and the Co-Conspirators.

325. As most, if not all, of the private-company loans that Beechwood invested SHIP's assets in were Platinum-related, Beechwood simply used Platinum's purported valuation of the investments' values.

326. At all relevant times Platinum Management maintained a valuation committee and a risk committee to assess the value of and risk associated with PPVA's investments. Platinum Management tasked the valuation committee with reviewing the values of all of PPVA's significant investments, and Platinum Management's valuation methodology could not be altered without the written consent of the valuation committee. The risk committee was tasked with setting investment strategy for Platinum Management and analyzing new investment opportunities. Both committees had a significant impact on the NAVs reported by PPVA.

327. The members of the valuation committee shifted over time. Nordlicht and SanFilippo were members of the valuation committee throughout the relevant period. Landesman was a member of the valuation committee until he resigned as President of Platinum Management in April 2015. Levy, Steinberg and Manela were also members of the valuation committee. As portfolio managers, Small, Beren, Levy and Steinberg also contributed to the valuation committees valuation assessments. Huberfeld, Bodner and Fuchs also provided input into determinations of investment valuations.

328. The members of the risk committee shifted over time. Nordlicht and Ottensoser were members of the risk committee throughout the relevant period. Landesman was a member of the risk committee until he resigned as President of Platinum Management in April 2015. Steinberge was a member of the risk committee and later became co-chief risk officer. As portfolio managers, Small, Beren, Levy and Steinberg also contributed to risk determinations. Huberfeld, Bodner, and Fuchs also had input into assessments of risk associated with PPVA's investments.

329. From 2012 through 2015, based on the assessments of the valuation and risk committees, PPVA reported annualized returns of 11.58% (2012) to 8.76% (2015), with the lowest annualized return during that time period being 7.11% in 2013. PPVA also reported a 2.6% return for the first three months of 2016. Since PPVA's inception, the fund reported a cumulative return of 687.40%.

330. These valuations had no basis in reality, as is now painfully evident. Platinum Management was inflating its valuations in order to achieve its desired levels of growth.

331. Platinum Management paid out distributions, fees, and other compensation based on the reported financial results.

332. Golden Gate provides a perfect example of PPVA's inflated valuations.

333. By the end of 2014, after the per-barrel price of oil had plummeted from $100 to $40, PPVA still valued Golden Gate at $140 million, and despite Golden Gate's consistent failures to make interest payments on its loans, PPVA continued to value its $24 million loans to the company at 100% of par. Meanwhile, in late 2013 Black Elk reported in a public filing that it had obtained an option to purchase all membership interest in Golden Gate for $60 million, proving that PPVA's valuation was inflated. Further, on May 23, 2014, Ari Hirt, a Platinum Management portfolio manager for Golden Gate told Nordlicht, Levy, Saks, and Steinberg that a potential third-party lender had brought up Black Elk's SEC filing, writing "the issue is that it publicly discloses the value of the option and therefore pegs [Golden Gate's] value at $60M. This is ultimately a marketing issue that could be dealt with but something we should all be aware of." Ex. 30 to First Amended Complaint in the PPVA Action.

334. On April 22, 2015, as part of an assignment agreement SHIP was entered into by Beechwood, SHIP acquired a portion of a note issued by Golden Gate valued by Beechwood at $7,385,523. Despite knowledge of Golden Gate's poor performance and distressed nature, Beechwood caused SHIP to purchase the note from BCLIC—which originally purchased the note from PPVA—at par. In a Duff & Phelps Valuation Report for Q4 2015, the firm provided a 99.0% par to 99.5% par valuation range for the Golden Gate note based on information provided by Beechwood, and the fact that "BAM has a Put right, to put its interest in the Senior Secured Loan back to PPVA at par at any time[.]" Essentially, Beechwood's valuation of the Golden Gate note was based on PPVA's valuation of the Golden Gate note, which was artificially inflated by PPVA. Beechwood knew PPVA's valuation was inflated and they knew that PPVA was in the midst of a liquidity crisis and therefore could fail to buy back the note at par—or at all.

335. In fact, Beechwood always intended to defer to Platinum's valuations. [redacted]

336. Beechwood reported each investment made under the IMAs to Wilmington Trust and provided a description of the asset acquired, the value of that asset, and in most instances the document evidencing the asset such as, for example, a copy of a promissory note. By acquiring and reporting the acquisition of an asset under an IMA, Beechwood was affirmatively representing that the asset met the requirements of the IMA, including the requirement that the asset fit within SHIP's investment guidelines. Each time that Beechwood made and reported on an investment to Wilmington Trust, Beechwood knew and intended that Wilmington Trust would reflect the information provided by Beechwood on the statement for the applicable IMA account submitted to SHIP by Wilmington Trust each month. and that SHIP would trust and believe that the information on the applicable Wilmington Trust statement was true, correct, and complete. Beechwood also knew and intended that SHIP believe that the information on the applicable Wilmington Trust Statement was true, correct, and complete, and that SHIP would rely on that information to track its IMA investments.

337. Likewise, Beechwood provided—or was supposed to provide, based on the requirements of the IMAs, but often did not—reports to SHIP on a regular basis that included an overview of the investments that Beechwood managed on SHIP's behalf. [redacted]

[redacted] or that many of the investments were severely distressed, defaulting, or nearly defaulting at the time of the reports and were likely to default prior to repayment of principal. SHIP relied on Beechwood as its investment manager and fiduciary to provide accurate information regarding the assets under management and to disclose fully any potential conflicts of interest or related-party transactions.

338. Although SHIP did not and could not know it at the time, the asset valuations provided by Beechwood on statements and through its allegedly independent advisors were largely inflated or falsified and did not reflect accurate or honest representations regarding SHIP's assets under Beechwood's control, based on the information that we now know Beechwood and the Co-Conspirators had available. Because the Beechwood valuations and assertions were based on Platinum information, these false and inflated valuations implicate the knowing participation of the Beechwood Insiders and the Platinum Insiders.

339. The following excerpts from the October 9, 2015 letter addressed to Dan Saks at the start of Duff & Phelps Q3 2015 valuation report for SHIP's assets held by Beechwood show exactly how far from "independent" the valuations provided to SHIP were:

> By acceptance of this Report, you acknowledge that (1) we performed the procedures that you requested us to perform, and that you are solely responsible for the sufficiency of these procedures for your purposes, and (2) we make no representations as to the sufficiency of these procedures for your purposes and had we performed additional procedures, other matters might have come to our attention that would have been reported to you.
>
> This Report is based upon the information provided by and on behalf of BAM. We assume no responsibility and make no representations with respect to the accuracy or completeness of any information provided by and on behalf of BAM.
>
> * * *
>
> Our Report and any results of our Services do not constitute a Solvency Opinion or a Fairness Opinion and may not be relied upon by you or any other party as such.

340. When SHIP received these reports, it believed this language to be the sort of boilerplate warning drafted by lawyers to disclaim any liability for Duff & Phelps, and relied on Beechwood's promises—and indeed contractual obligation—to provide fair value estimates of SHIP's assets. SHIP certainly understood that its fiduciaries, if they had any reason to doubt the validity of an asset valuation, had an obligation to bring this discrepancy to SHIP's attention. Beechwood abused that trust, and intentionally provided Duff & Phelps with misleading materials and omitted relevant information to the valuation of such assets. The Co-Conspirators actively hid the connections between Beechwood and Platinum, and the extent to which the investments being evaluated were being conducted at anything but arm's length.

341. SHIP reasonably relied on Beechwood as its investment manager to provide SHIP with accurate and honest information concerning the nature and value of SHIP's investments, and made decisions relating to the IMAs and the IMA investments to its detriment based on the information provided. The confidence SHIP placed in Beechwood was bolstered by the security of its guaranteed annual return and its understanding – sadly mistaken it turns out – that Beechwood was earning well in excess of the 5.85% guaranteed returns, thus collecting tens of millions in performance fees based on its consistently false representations to SHIP. SHIP would not have 1) continued to entrust its assets to Beechwood, 2) increased the investments under the Beechwood Re IMA, 3) entered into the BBIL IMA, or 4) made investments with Beechwood outside of the IMAs, but for the false information given to SHIP by Beechwood regarding the nature and value of the investments, including the concealment of material facts that adversely affected their value. The Co-Conspirators knowingly aided and facilitated these deceptions through their close involvement in every aspect of the Beechwood venture that they controlled.

342. Further, SHIP would never have authorized Beechwood to withdraw performance fees from the IMA accounts had SHIP known the true value of the IMA assets. Each of the IMAs provided that Performance Fees were to be calculated based on both "realized and **unrealized**" net trading profit. *See* BBIL IMA, Exhibit B ¶ 1(b); Beechwood Re IMA, Exhibit B ¶ 1(b); BAM IMA, Exhibit B ¶ 1(b) (emphasis added). In other words, the IMAs entitled Beechwood to include in its calculation of Performance Fees not just the gain or loss realized on an actual disposition of an investment, but also any unrealized gain or loss in the value of SHIP's extant investments at the time of the valuations. Thus, the reported value of SHIP's current investments dictated the calculation of Beechwood's Performance Fees. Because the Co-Conspirators helped to inflate the underlying investment values, as set forth in this pleading, they likewise helped Beechwood to deceive SHIP and collect the undeserved Performance Fees.

343. Rather than value SHIP's assets in a manner that reflected their true value, or even a good faith best estimate of such true value, Beechwood and Platinum together ignored the distressed and manufactured nature of many of SHIP's "investments" and took full advantage of their control over the asset valuation process by assigning significantly inflated valuations to SHIP's investments based on false and misleading information, thereby securing outsized and unearned Performance Fees for Beechwood. Beechwood repeatedly reported asset valuations to SHIP that SHIP would later discover—despite continued reassurances orally and in writing from Beechwood that lasted into the fall of 2016—had no basis in reality.

344. Further, as a result of these inflated valuations, Beechwood never made any true-up payments to SHIP's account, as required by the IMAs. Thus, Beechwood's misrepresentations regarding the value of SHIP's assets constituted both a breach of the "good faith" required by the IMAs in the valuation process ***and*** a breach of the true-up provisions of the IMAs. Based on their

involvement, each of the Co-Conspirators or those serving as their alter egos and controlling forces had knowledge that the values provided to SHIP were misrepresented, and each took actions to help facilitate these misrepresentations.

iii. Beechwood Takes Performance Fees

345. With the Co-Conspirators' knowing assistance, Beechwood used these inflated valuation reports to induce SHIP to authorize the payment of "Performance Fees" to Beechwood under the IMAs on nineteen occasions, even though such fees had not actually been earned. By way of illustration, the following table sets forth the dates and amounts of Performance Fee withdrawals taken from the BAM IMA account between April 2015 and July 2016:

Date of Fee Withdrawal	Amount Wrongfully Taken from Wilmington Trust Account (i.e. Alleged Amount in Excess of 5.85% Return)	Purported Time Period Covered By Wrongful Withdrawal
April 6, 2015	$3,500,000	Period ending on March 31, 2015
July 22, 2015	$4,500,000	Period ending on June 30, 2015
December 2, 2015	$750,000	Period ending on November 30, 2015
February 9, 2016	$600,000	Period ending on January 31, 2016
March 22, 2016	$400,000	Period ending on February 29, 2016
July 7, 2016	$1,600,000	Period ending on June 30, 2016

346. Each of these requests included, and was based on, Beechwood's misrepresentation that the aggregate investment return on the assets held in the BAM IMA account had appreciated beyond the 5.85% threshold required by the BAM IMA, such that Beechwood was entitled to receive the Performance Fee requested.

347. For example, on April 2, 2015, Elliot Feit, Finance Director of Beechwood, acting for and at the direction of Beechwood and through the mails and wires of interstate commerce, requested authorization from Lorentz to withdraw $3,500,000 as a Performance Fee from the BAM IMA account. In support of this request, Feit represented in writing to Lorentz that the assets contained in the BAM IMA account at that time possessed a market value of $115,143,472.39 "and a principal plus interest owed to SHIP of $110,780,801.37." In light of the asserted "excess" of $4,362,671.02, Feit requested approval of a withdrawal of $3,500,00 in Performance Fees, and submitted a "Withdrawal Notice" for that amount signed by Saks for countersignature by Lorentz. Feit further supported this request by attaching the Wilmington Trust statements for this account for the period ending on March 31, 2015, to illustrate the purported investment activity and interest accrued on the account.

348. In reasonable reliance on Beechwood's representations, on April 6, 2015, Lorentz authorized the withdrawal of $3,500,000 in Performance Fees from the BAM IMA account by countersigning the submitted "Withdrawal Notice." On that same day, $3,500,000 was withdrawn from the BAM IMA account. This fee withdrawal is reflected on the chart above.

349. In fact, the representations upon which Lorentz and SHIP reasonably relied were false, because the valuations provided for the assets contained in the BAM IMA account were grossly misstated and overvalued in that, as noted below in greater detail, they did not take into consideration the distressed conditions of several assets, including, but not limited to, the Montsant and MYSYRL investments. The valuations of these assets were calculated by or through Beechwood, which reported them to Wilmington Trust to include in its account statements in order to further the air of legitimacy surrounding the knowingly fraudulent investment values.

350. The asset valuations and appreciation asserted by Beechwood cannot be reconciled with the facts at least partially now known to SHIP, but known at the time by Beechwood, which should have been factored by Beechwood into any calculation of Performance Fees – including, for example, the distressed conditions of the Montsant and MYSYRL investments – and thus the reported valuations were demonstrably false at the time BAM requested approval of the Performance Fees. Had the value of those assets been properly stated and considered, BAM could not have claimed or earned the $3,500,000 in Performance Fees.

351. BAM's subsequent requests for withdrawal of Performance Fees totaling $7,850,000 similarly were based on fraudulent valuations of SHIP's investments. On each of those five occasions between July 2015 and July 2016, BAM used the falsely inflated asset valuations set forth in the valuation reports that BAM sent to SHIP – which valuations remained essentially unchanged over that entire period, save for minor fluctuations – as the basis for its Performance Fee calculations, intending and knowing that SHIP would rely on those false valuations to its detriment in approving the Performance Fees. SHIP was damaged when it relied on these false valuations and paid out unearned Performance Fees.

352. Beechwood engaged in a similar pattern of conduct with respect to the withdrawal of Performance Fees under the Beechwood Re IMA, requesting withdrawal of $11,275,000 over a period of less than two years, as reflected in the following table:

Date of Fee Withdrawal	**Amount Wrongfully Taken from Wilmington Trust Account (i.e. Alleged Amount in Excess of 5.85% Return)**	**Purported Time Period Covered By Wrongful Withdrawal**

October 2, 2014	$1,000,000	Period ending on September 30, 2014
July 17, 2015	$2,100,000	Period ending on June 30, 2015
September 2, 2015	$600,000	Period ending on August 31, 2015
October 20, 2015	$600,000	Period ending on September 30, 2015
November 13, 2015	$400,000	Period ending on October 31, 2015
December 2, 2015	$825,000	Period ending on November 30, 2015
April 4, 2016	$3,000,000	Period ending on March 31, 2016
April 7, 2016	$2,000,000	Period ending on March 31, 2016
May 26, 2016	$750,000	Period ending on April 30, 2016

353. Each of these requests included, and was based on, Beechwood's misrepresentations that the aggregate investment return on the assets held in the Beechwood Re IMA account had appreciated beyond the 5.85% threshold required by the Beechwood Re IMA, such that Beechwood was entitled to receive the Performance Fees requested.

354. For example, on July 15, 2015, Feit, acting for and at the direction of Beechwood and through the mails and wires of interstate commerce, requested authorization from Lorentz to withdraw $2,100,000 as a Performance Fee from the Beechwood Re IMA account. In support of his request, Feit represented in writing to Lorentz that the assets contained in the Beechwood Re IMA account at that time possessed a market value of $86,726,769.37 "and the [sic] payable to SHIP was $84,611,273.67." In light of the asserted "excess" of $2,115,495.70, Feit requested approval of a withdrawal of $2,100,000 in Performance Fees, and submitted a "Withdrawal Notice" for that amount signed by Scott Taylor, President of Beechwood Re, for countersignature by Lorentz. Feit further supported this request by attaching the Wilmington Trust statements for

this account for the period ending on June 30, 2015, along with a spreadsheet he created to illustrate the purported investment activity and interest accrued on the account.

355. In reasonable reliance on Beechwood's representations, on July 16, 2015, Lorentz authorized the withdrawal of $2,100,000 in Performance Fees from the Beechwood Re IMA account by countersigning the submitted "Withdrawal Notice." On July 17, 2015, $2,100,000 was withdrawn from the Beechwood Re IMA account. This fee withdrawal is reflected on the chart above.

356. In fact, these representations upon which Lorentz and SHIP reasonably relied were false, because the valuations provided for the assets contained in the Beechwood Re IMA account were grossly misstated and overvalued in that, as noted below in greater detail, they did not take into consideration the distressed conditions of several assets, including, but not limited to, the MYSYRL investments. The valuations of these assets were calculated by or through Beechwood, which reported them to Wilmington Trust to include in its account statements in order to further the air of legitimacy surrounding the knowingly fraudulently valued investments.

357. Beechwood's additional requests for withdrawals of Performance Fees totaling $9,175,000 similarly were based on fraudulent valuations of SHIP's investments. On each of those eight occasions, between October 2014 and May 2016, Beechwood used the falsely inflated asset valuations, which remained essentially unchanged over that entire period aside from minor fluctuations, as the basis for its Performance Fee calculations, intending and knowing that SHIP would rely on those false valuations to its detriment in approving the Performance Fees. SHIP was damaged when it relied on these false valuations and paid out unearned Performance Fees.

358. Beechwood engaged in a similar pattern of conduct with respect to the withdrawal of Performance Fees under the BBIL IMA, requesting withdrawal of $12,343,981 over a period of less than two years, as reflected in the following table:

Date of Fee Withdrawal	Amount Wrongfully Taken from Wilmington Trust Account (i.e. Alleged Amount in Excess of 5.85% Return)	Purported Time Period Covered By Wrongful Withdrawal
October 2, 2015	$500,000	Period ending on September 30, 2015
December 2, 2015	$225,000	Period ending on November 30, 2015
February 9, 2016	$500,000	Period ending on January 31, 2016
August 2, 2016	$11,118,981	Period ending on July 31, 2016

359. Each of these requests included, and was based on, Beechwood's misrepresentation that the aggregate investment return on the assets held in the BBIL IMA account had appreciated beyond the 5.85% threshold required by the BBIL IMA, such that Beechwood was entitled to receive the Performance Fees requested.

360. For example, on February 3, 2016, Feit, acting for and at the direction of Beechwood and through the mails and wires of interstate commerce, requested authorization from Lorentz to withdraw $500,000 as a Performance Fee from the BBIL IMA account. In support of his request, Feit represented in writing to Lorentz that the assets contained in the BBIL IMA account at that time possessed a market value of $85,812,061 and the amount payable to SHIP was $85,297,063. In light of the asserted "excess" of $514,998, Feit requested approval of a withdrawal $500,000 in Performance Fees, and submitted a "Withdrawal Notice" for that amount signed by Scott Taylor, Director of BBIL, for countersignature by Lorentz. Feit further supported this

request by attaching the Wilmington Trust statements for this account for the period ending on January 31, 2016, along with a spreadsheet he created to illustrate the purported investment activity and interest accrued on the account.

361. In reasonable reliance on Beechwood's representations, on February 9, 2016, Lorentz authorized the withdrawal of $500,000 in Performance Fees from the BBIL IMA account by countersigning the submitted "Withdrawal Notice." On that same day, $500,000 was withdrawn from the BBIL IMA account. This fee withdrawal is reflected on the chart above.

362. In fact, these representations upon which Lorentz and SHIP reasonably relied were false because the valuations provided for the assets contained in the BBIL IMA account were grossly misstated and overvalued in that, as noted below in greater detail, they did not take into consideration the distressed conditions of several assets, including, but not limited to, the Montsant investments. The valuations of these assets were calculated by or through Beechwood, which reported them to Wilmington Trust to include in its account statements in order to further the air of legitimacy surrounding the knowingly fraudulently valued investments.

363. Beechwood's additional requests for withdrawals of Performance Fees totaling $11,843,981 similarly were based on fraudulent valuations of SHIP's investments. On each of those eight occasions between October 2015 and August 2016, BBIL used the falsely inflated asset valuations – which valuations remained essentially unchanged over that entire period aside from minor fluctuations – as the basis for its Performance Fee calculations, intending and knowing that SHIP would rely on those false valuations to its detriment in approving the Performance Fees. SHIP was damaged when it relied on these false valuations and paid out unearned Performance Fees.

364. Beechwood therefore falsely overstated and intentionally misrepresented SHIP's returns on the investments made under the IMAs in order to receive substantial unearned Performance Fees.

365. SHIP relied on Beechwood's falsely overstated returns and inflated valuation reports in authorizing the withdrawal of at least the amounts provided above – and potentially more – which were taken as Performance Fees that had, in fact, not been earned pursuant to the IMAs. When SHIP reasserted control over its assets from Beechwood in and around November 2016, it quickly discovered the distressed, illiquid, and impaired value of many of its largest holdings. This condition, which existed across the investments in all three IMAs, is irreconcilable with Beechwood's consistent representations that values existed at or near par values, and in some cases valuing purportedly accrued interest that did not exist because the funds had not in fact truly been "invested" but rather served, in some examples, as interest-free loans to related parties.

366. Because these Performance Fees had not in fact been earned, Beechwood essentially paid itself out of SHIP's invested principal and not out of excess earnings, resulting in additional damages to SHIP and further reducing the ability to generate true positive returns on the initial invested amount of SHIP's assets. In doing so, Beechwood again followed the playbook written by Platinum, which had been inflating valuations for years in order to justify unearned management and other fees. Given the common ownership and control of Beechwood and Platinum, this copycat approach should come as no surprise.

iv. Continued Concealment

367. Beechwood fraudulently valued SHIP's investments and grossly overstated SHIP's returns not only to retain for itself unearned Performance Fees, but also to prevent SHIP, and others, from becoming aware of Beechwood's scheme and attempting to extract its funds out of

the irresponsible and conflicted investments at an earlier time. The concealment of the relationship between Beechwood and Platinum was integral to making the Platinum-Beechwood Scheme work. As such, the Co-Conspirators knowingly and repeatedly misrepresented the relationship to everyone outside of the organizations and thus continually supported and furthered Beechwood's direct deception of SHIP.

368. On July 10, 2014, soon after the execution of the first two SHIP-Beechwood IMAs, the SEC commenced a formal investigation of Platinum. As part of that investigation, the SEC requested information about Beechwood and its relationship with Platinum. [redacted]

[redacted]

370. The plot to confuse Platinum's attorney apparently worked because the SEC Examination Findings issued on September 22, 2015 did not even mention Beechwood, despite finding dozens of violations on Platinum's part.

371. The Co-Conspirators continued to feed knowingly false information and responses to the government and regulatory bodies throughout the life of the Platinum-Beechwood Scheme, even after Huberfeld was arrested and the media started covering the growing scandal. They knew that revelations about the full extent of the Platinum-Beechwood connection, combined with Nordlicht, Huberfeld, and Bodner's shady pasts and tarnished reputations, would ward off clients such as CNO and SHIP.

372. As alleged in the CNO Pleading, in a 2015 meeting in New York, Eric Johnson—the Chief Investment Officer and President of 40|86 Advisors, who also served as an Executive Vice President of WNIC and BCLIC—questioned Feuer about whether Platinum and Beechwood were related, "Feuer vehemently denied any such relationship, rising to his feet and raising his voice saying, 'are you calling me a liar?'" CNO Pleading ¶ 613. Feuer was indeed a liar.

v. Transfer of Beechwood Investments Made with CNO Assets to SHIP

373. As described above, SHIP was not the first victim of the Platinum-Beechwood Scheme. CNO entered into a reinsurance agreement with Beechwood worth $580 million. Immediately upon receipt of the CNO funds, the Co-Conspirators started funneling the money into Platinum-related investments, including Golden Gate, and ALS.

374. CNO began confronting Beechwood about these investments, and—as alleged in the CNO Pleading—"[t]he Co-Conspirators continued concealing the truth – that Beechwood and Platinum were commonly owned and controlled by the Platinum cofounders – by telling the lie that Beechwood was investing in these Platinum positions because Levy was familiar with them and believed they were valuable investments based on his ***former*** employment with Platinum." CNO Pleading ¶ 612.

375. As further alleged by CNO, "[b]y the end of 2014, Feuer and Taylor finally conceded that Levy had been using his discretion inappropriately, but they again trotted out as the excuse the fact that he had *formerly* been employed at Platinum and was thus overly reliant on Platinum-controlled funds and entities as his source of investments for the trust assets. They promised that Levy would be separated from Beechwood and that Beechwood Re and its agents would divest the trust assets of Platinum-controlled funds and entities, all the while reiterating to WNIC and BCLIC that there was no relationship between Beechwood and Platinum." CNO Pleading ¶ 631.

376. Rather than simply divest from the "Platinum-controlled funds and entities"—which Feuer and Taylor admitted to CNO were inappropriate—and fearing that CNO would catch onto the Platinum-Beechwood Scheme, Beechwood diverted most if not all of those investments into SHIP's account, saddling SHIP with all of the inappropriate Platinum-related investments.

Feuer, Taylor, and the rest of the Co-Conspirators knew full well that these investments were significantly overvalued, illiquid, and in violation of the terms of the IMAs. They also knew that SHIP had no idea of the truth, and with CNO catching on, they weren't about to tell SHIP.

[redacted]

378. Daniel Saks, Stewart Kim, Mark Nordlicht, Murray Huberfeld, David Bodner, Naftali Manela, Joseph SanFilippo, Daniel Small, Ezra Beren, David Ottensoser, Will Slota, Uri Landesman, David Steinberg, Elliot Feit and Bernard Fuchs all took overt actions to facilitate one or more of the above listed investments. Each of the Third-party Defendants named in this paragraph had actual knowledge of the Platinum-Beechwood Scheme. Each of the Third-party Defendants named in this paragraph had actual knowledge about the distressed nature of the assets underlying the transactions which they facilitated. Each of the Third-party Defendants named in

this paragraph had knowledge of the fiduciary duty owed to SHIP by Beechwood, and each took overt actions to help Beechwood to breach those duties with respect to the transactions they helped facilitate.

vi. The Unjust Profits from the Platinum-Beechwood Scheme are Hidden from Creditors

379. The Co-Conspirators used numerous asset-protection schemes to put their pilfered profits beyond the reach of creditors like SHIP and enrich themselves unjustly.

380. The Beechwood Trusts were created as an asset-protection scheme by the Beechwood Owners. Nordlicht used Beechwood Trust Nos. 1 through 6 to shelter his racketeering profits; Bodner used Beechwood Trust Nos. 7 through 14 to shelter his racketeering profits; Huberfeld used Beechwood Trust Nos. 15-19 to shelter his racketeering profits; David Levy used Beechwood Trust No. 20 to shelter his racketeering profit; Mark Feuer used the Feuer Family Trust to shelter his racketeering profits; and Scott Taylor used the Taylor-Lau Family Trust to shelter his racketeering profits. Nordlicht, Huberfeld, Bodner, Feuer, Taylor, Levy and Dahlia Kalter all used Beechwood Asset Manager Trust I and Beechwood Asset Manager Trust II to shelter their racketeering profits. These trusts were created and used for the purpose of protecting unearned profits from creditors, like SHIP, from the beginning of the Platinum-Beechwood Scheme and continued to be used thusly through its conclusion.

381. The BRILLC Series Entities and corporate BRILLC Series Members—Road Holdings, LLC, Lawrence Partners, LLC, Monsey Equities, LLC, Whitestar LLC, Whitestar LLC II, Whitestar LLC III, Mark Nordlicht Grantor Trust,—were created as an asset-protection scheme by Nordlicht, Bodner, Huberfeld, and Dahlia Kalter. Each of them used their, or their family member's, interest in these companies to shelter their racketeering profits. The BRILLC Series entities and the corporate BRILLC Series Members were created and used for the purpose of

protecting unearned profits from creditors, like SHIP, from the beginning of the Platinum-Beechwood Scheme and continued to be used thusly through its conclusion.

382. Huberfeld and Bodner further used the Huberfeld Family Foundation, Bodner Family Foundation, and Huberfeld-Bodner Family Foundation as asset-protecting schemes to shelter their racketeering profits from creditors like SHIP. Throughout the course of the Platinum-Beechwood Scheme, Huberfeld and Bodner continued to use these entities for nefarious purposes.

383. Additionally, Nordlicht, Huberfeld, Bodner, Levy, Taylor, and Feuer caused management fees to be paid, and assets to be transferred to, various Beechwood Holdings Subsidiaries and BBL Subsidiaries in order to defraud their creditors by secreting the assets away from the primarily liable entities. Upon information and belief, they have been doing so since at least 2013, and have continued doing so for years, including through at least late 2016.

H. Revelation of the Fraudulent Platinum-Beechwood Scheme and Further Concealment

384. SHIP was unaware of, and had no reason to suspect, Beechwood's deep ties to and control by Platinum or the pervasive nature of Beechwood's fraudulent conduct or its failure to perform in accordance with the IMAs and its fiduciary duties. The nature of the Platinum-Beechwood Scheme required that the relationship be concealed at all costs.

385. The truth did not start to come out until news reports in the summer and fall of 2016 gradually began to expose the nature and extent of Beechwood's involvement with and control by Platinum. Murray Huberfeld of Platinum was arrested on June 8, 2016, and news articles followed, but they did not reveal Platinum's complex connections to Beechwood. The first article to reveal connections between Platinum and Beechwood was published by the *WSJ* on July 25, 2016.

386. After its connections to Platinum were identified, Beechwood continued its pattern of deceiving SHIP. A July 26, 2016 Beechwood letter to Wegner, SHIP's CEO, represented that

Beechwood had reviewed investments that Beechwood made involving Platinum Partners and reassured SHIP that Beechwood has "no reason to believe that either Beechwood or any of your related portfolios suffered financial harm." Beechwood also continued to tout its "appropriate risk management" and "strong safeguards" for SHIP's investments. Beechwood likewise represented to SHIP that it was in the process of, and was capable of, severing all ties with Platinum. The July 26 letter misrepresents that all Platinum investments "made in assets related to that fund … were made by a former employee who worked for Beechwood in 2014." All of the Co-Conspirators likewise keep the truth under wraps as best they could during this period of increasing scrutiny.

387. The July 26 letter further misrepresents the ownership structure of Beechwood at the time the letter was sent:

> For the sake of clarity, Beechwood is currently owned 99% through family trusts of Messrs Feuer and Taylor, with the remaining 1% owned by a financial services executive who runs a merchant bank in Manhattan. That current ownership includes all classes of shares, voting and non-voting, and is subject to standard regulatory approval. At some point in our history, a set of beneficiary trusts in which relatives of Messrs Nordlicht and Huberfeld (mentioned in the WSJ article) were party of a group of 20 minority shareholders in Beechwood Re. These minority shareholders never had any voting rights, and at all times an independent trustee represented their interests. And once again, no fund or institution of any kind has ever had any ownership of Beechwood.

(Emphasis in original). This was entirely false.

388. In point of fact, unbeknownst to SHIP at the time the letter was sent, nearly 70% of the common stock of Beechwood continued to be beneficially owned by Nordlicht, Huberfeld, Bodner, and Levy (who also owned and controlled Platinum) through Beechwood Trusts Nos. 1-20, and 100% of the preferred equity in Beechwood was held by the BRILLC Series. It was also untrue that the referenced "20 minority shareholders" "never had any voting rights, and at all times an independent trustee represented their interests."

[redacted]

[redacted]

[redacted]

[redacted]

399. Into the fall of 2016, SHIP continued to receive assurances that its investments were sound, secured by appropriate collateral, and appropriately valued. Beechwood offered no indication that it had favored its own interests and those of its affiliates, including Platinum-related interests, over SHIP's. To the contrary, Beechwood assured SHIP that Beechwood had "no reason to believe that either Beechwood or any of [SHIP's] related portfolio's suffered financial harm" and affirmatively represented that the value of SHIP's investments continued to increase. Relying on these representations, SHIP continued to approve Beechwood's requests to withdraw cash and assets from the Wilmington Trust accounts as Performance Fees payable to Beechwood.

400. For example, BBIL withdrew performance fees of $11,118,981 on August 2, 2016. While the IMAs permitted Beechwood to receive quarterly payments based on estimated performance fees, Beechwood was only entitled to receive performance fees if the investment return on the IMAs exceeded the 5.85% guaranteed return. With the Platinum funds collapsing, Beechwood knew, or was grossly negligent in not knowing, that the actual value of the assets in the respective IMAs was far below the point at which Beechwood was entitled to retain the performance fees it had taken, much less take additional fees.

401. In addition to reassuring SHIP that its investments were secure throughout the summer and fall of 2016, Beechwood also represented to the Pennsylvania Insurance Department on August 17, 2016, that 1) SHIP's portfolio was strongly protected and highly collateralized, 2) Beechwood was taking "aggressive action" to reduce its exposure to Platinum investments and to unwind and sever "our limited ties with Platinum," and 3) the guaranteed returns in SHIP's IMA accounts remained secure. This letter reassured SHIP as to the extent of capital and surplus available for the Beechwood Advisors to "backstop these respective guarantees" to SHIP on its investments. These representations, of course, were all false. SHIP relied to its detriment on these statements in evaluating its response to the news of Platinum being raided by the SEC and thus was damaged by virtue of the resulting delay in attempting to reverse the "investments" Beechwood had made, including not taking aggressive legal action to, for example, impose a constructive trust over Beechwood's assets.

402. In the August 17, 2016 letter, Feuer provided a list of 7 Platinum-related loans and 2 Platinum-related equity investments currently in SHIP's accounts. At the very least, the list excluded several loans and equity positions related to Agera, a loan to Kennedy Sobli Consultants which was owned by Platinum Principal Bernard Fuchs and his family, and the Milberg Hamilton Capital Participation Agreement.

403. In an effort to deter SHIP from acting, Feuer represented to SHIP that Beechwood was actively courting the sale of certain of its assets through a transaction that would result in a buy-out of all Platinum related investments, including those included in the IMA accounts. SHIP was induced by these representations and assurances to defer action, reasonably believing that aggressive action would only impede Beechwood's asserted efforts. SHIP, however, did not then know the depth of the entanglement between Beechwood and Platinum, the distressed and illiquid

nature of the Platinum assets, or the volume of IMA assets that—while not identified as Platinum related—were in fact tied to Platinum. The Co-Conspirators all continued to conceal this information. Had SHIP had such information, SHIP would have realized that while Beechwood itself could (and did) find a buyer for those assets that Beechwood had acquired with its ill-gotten gains, including those taken directly or indirectly from or through SHIP, no such sale would include the acquisition of Platinum assets.

404. Beechwood was still actively concealing its ties to Platinum, as were all the other Co-Conspirators. [redacted]

405. In or about November 2016, as Beechwood purported to be attempting to assist SHIP as its fiduciary, Beechwood's in-house counsel proposed to SHIP that the IMAs be terminated, an action clearly designed to protect the Beechwood Advisors at SHIP's expense.

406. SHIP refused to act on Beechwood's request, but directed Beechwood to transfer all cash and short-term investments out of the IMA accounts managed by Beechwood and to move

those assets into SHIP's custodial accounts at Bank of New York Mellon. SHIP also instructed Beechwood to transfer all limited partnership and other equity interests in each of the IMA accounts that were not registered solely in SHIP's name into SHIP's exclusive name and advised Beechwood that it was no longer authorized to act with respect to any asset in which SHIP possessed a direct or indirect interest, without express direction from SHIP.

407. Despite SHIP's efforts to limit its harm, by November 2016 much of the damage already was done. Over the course of the next several months, SHIP gradually began to uncover misrepresentations and omissions by Beechwood and the pervasive cover-up of Beechwood's disastrously harmful and unsuitable investment of SHIP assets and its favoring of its own interests and those of its affiliates over the interests of its client, SHIP. As SHIP recovered asset after asset that did not possess anything approximating the inflated values that Beechwood and Platinum had assigned them, and as SHIP learned that much of its funds had not been "invested" on its behalf at all – but rather was converted to the purposes of the Platinum-Beechwood Scheme – it became painfully obvious that the Beechwood Advisors had breached their contractual obligations under the IMAs to satisfy the guaranteed 5.85% investment return and to return SHIP's invested principal intact, through its investment talents or through required "true ups." No defendant has had the temerity even to suggest that such value actually existed when the dust finally began to settle starting in 2016. The manifest clarity of these material breaches of the most essential terms of the IMAs thus excused SHIP from any further performance obligations under the IMAs.

408. As a result, SHIP has undertaken substantial efforts to uncover—or perhaps more accurately unravel—the full breadth of the Platinum-Beechwood fraudulent scheme and remediate the harm it suffered as a result of the Co-Conspirators' actions. These efforts are ongoing, and they include retaining third parties to assist with the investigation into Beechwood's misconduct

and to assist with the unwinding and divestiture of the distressed and fraudulently valued investments. In connection with these efforts, SHIP has incurred considerable costs, fees, and expenses. Given Beechwood's breaches of the IMAs and the degree and complexity of Defendants' fraudulent scheme, the costs, fees, and expenses associated with the necessary chasing of assets and unwinding of investments were foreseeable and probable.

409. Beechwood's cooperation and release of information to assist SHIP's damage-control efforts has been, and remains, intermittent and incomplete. Beechwood continues to advance its interests over SHIP's in the resolution and disposition of mutual investments or investments in the same entities. What SHIP has learned, though still incomplete, demonstrates forcefully Beechwood's breaches of each of the IMAs, its bad faith, its breaches of fiduciary and other legal duties owed to SHIP, its gross negligence, and its intentional misconduct and conspiracy with others.

COUNT ONE

Aiding and Abetting Fraud
(Against the Co-Conspirator Defendants)

410. SHIP incorporates each and every allegation above as if set forth fully in this count.

411. As detailed in this pleading and in the SHIP Action, the Beechwood, Levy, Feuer, and Taylor knowingly made numerous false representations of material fact to SHIP during and before performance under the IMAs, with the intent of causing SHIP not to terminate the IMAs or any investments after they were executed, or otherwise to interfere with Beechwood and Platinum's fraudulent scheme. Among other things, the Beechwood Entities, Levy, Feuer, and Taylor misrepresented the nature of the relationship; the nature, suitability, and advisability of its investments of SHIP's funds; and the accurate, good faith value of those investments, which misrepresentations led to the payment of unearned performance fees under the IMAs. The

Beechwood Entities, Levy, Feuer, and Taylor further made concerted efforts to conceal the links between Beechwood and Platinum from SHIP so as to prevent detection of the Platinum-Beechwood Scheme. SHIP justifiably relied on these numerous false representations and material omissions to its detriment.

412. As detailed throughout this pleading, Co-Conspirators and Platinum founders Nordlicht, Huberfeld, and Bodner enlisted Levy, Feuer, and Taylor in 2013 to assist in the formation of Beechwood, a seemingly legitimate, independent insurance company designed specifically to procure funds from insurers such as SHIP and other institutional investors in order to feed cash-hungry Platinum and perpetuate the Platinum-Beechwood Scheme. Co-Conspirators Steinberg, SanFilippo, Slota, and Ottensoser also were instrumental in Beechwood's formation and understood its deceitful purpose.

413. Nordlicht, Huberfeld, and Bodner exercised significant control over Beechwood's day-to-day business, as evidenced by: (i) their beneficial ownership of Beechwood's business by way of a web of entities and trusts (the BRILLC Series Entities, the BRILLC Series Members, the BAM Trusts, and the Beechwood Trusts) named and designed specifically to obscure their role in the founding and operation of Beechwood; and (ii) their involvement in, and orchestration of, numerous fraudulent transactions involving monies entrusted to Beechwood by SHIP and other investors.

414. Nordlicht, Huberfeld, and Bodner were principally responsible for communicating with the other Co-Conspirators to coordinate the Co-Conspirators' perpetration of the Platinum-Beechwood Scheme, as outlined in this pleading, the PPVA Complaint, the PPCO Complaint, the SEC Complaint, the Criminal Indictments, and the CNO Pleading. Indeed, Nordlicht and Levy received real-time updates and requests for direction from their Co-Conspirators, including

Manela, Feit, Saks and their Platinum-Beechwood colleagues regarding how and where SHIP's funds would be invested. This same information was not shared with SHIP. Through these communications, it is evident that the Co-Conspirators used SHIP's assets to further their own interests and to maintain their scheme, without regard for SHIP's interests. The scheme that they orchestrated spanned years and claimed numerous victims, including institutional investors such as SHIP and CNO, as well as individual investors, and comprised many facets and countless sham transactions, including the sampling of transactions detailed in this pleading and other complaints filed in the consolidated actions.

415. As detailed throughout this pleading, each of the other Co-Conspirators knowingly and directly participated in, and played a principal role in consummating, some or all of these fraudulent transactions, ultimately resulting in the transfer of $320 million away from SHIP for the benefit of Beechwood, Platinum, and their related parties. The Co-Conspirators had direct knowledge of Platinum's undisclosed connections to Beechwood, and knew that the valuations assigned to the assets in which SHIP's funds were invested were unsupported, false, and misleading. Numerous Co-Conspirators, including Nordlicht, Manela, Kim, Beren, and Saks, served in dual roles at Platinum ***and*** Beechwood and were directly involved in the valuation of, or transactions related to, various Platinum investments into which SHIP's funds ultimately were invested.

416. Furthermore, the Beechwood Insiders, with the direct and knowing assistance and at the direction of the Platinum Insiders (including Nordlicht, Huberfeld, and Bodner), aggressively encouraged SHIP to participate in these fraudulent transactions. They exercised Beechwood's discretionary investment authority under the IMAs to SHIP's detriment and

otherwise and took substantial steps to ensure that SHIP's funds were diverted to these fraudulent investments, including the execution of transaction documents on SHIP's behalf.

417. The Co-Conspirators' knowing and substantial assistance in connection with the – Platinum-Beechwood Scheme proximately caused SHIP's damages because it was reasonably foreseeable that their conduct and the scheme in which they knowingly participated would, among other things, cause SHIP: (i) to be fraudulently induced into entering the IMAs with Beechwood; (ii) not to terminate the IMAs sooner or to take other actions that might mitigate the damages that SHIP suffered while the IMAs remained in effect; (iii) pay to Beechwood tens of millions of dollars in performance fees to which it was not entitled under the IMAs; and (iv) incur millions of dollars in expenses in connection with the termination of the IMAs and efforts to recoup the monies and assets lost as a result of the fraudulent scheme.

418. Accordingly, as a direct and proximate result of the Co-Conspirators' knowledge, participation, and substantial assistance in the fraudulent Platinum-Beechwood Scheme with the Platinum Insiders and Beechwood Insiders, SHIP suffered damages in an amount to be determined at trial. Furthermore, in light of the intentional, deliberate, and malicious nature of the Co-Conspirators' substantial assistance in connection with the fraud, SHIP is entitled to punitive damages.

COUNT TWO

Aiding and Abetting Breach of Fiduciary Duty (Against the Co-Conspirator Defendants)

419. SHIP incorporates each and every allegation above as if fully set forth in this count.

420. As detailed in this pleading and in the SHIP Action, the Beechwood Entities, Levy, Feuer, and Taylor breached the fiduciary duties of candor, loyalty, and care that they owed to SHIP. By virtue of their improper engagement in self-interested, risky transactions involving

undisclosed connections to Platinum-related entities, the Beechwood Entities denied SHIP the returns to which it was entitled under the IMAs. The Beechwood Entities further denied SHIP access to full and accurate information about the nature and performance of the investments, thus preventing SHIP from taking earlier actions to protect itself and limit the damage being done to it and causing SHIP to pay tens of millions of dollars in performance fees that had not in fact been earned.

421. As detailed throughout this pleading, Co-Conspirators and Platinum founders Nordlicht, Huberfeld, and Bodner enlisted Levy, Feuer, and Taylor in 2013 to assist in the formation of Beechwood, a seemingly legitimate, independent insurance company designed specifically to procure funds from insurers such as SHIP and other institutional investors in order to feed cash-hungry Platinum and perpetuate the Platinum-Beechwood Scheme. Co-Conspirators SanFilippo, Slota, Steinberg, and Ottensoser also were instrumental in the Beechwood Entities' formation.

422. Nordlicht, Huberfeld, and Bodner exercised significant control over the Beechwood Entities' day-to-day business, as evidenced by, among other things: (i) their beneficial ownership of the Beechwood Entities by way of a web of entities and trusts (the BRILLC Series Entities, the BRILLC Series Members, the BAM Trusts, and the Beechwood Trusts) named and designed specifically to obscure their role in the founding and operation of Beechwood; and (ii) their involvement in, and orchestration of, numerous fraudulent transactions involving monies entrusted to Beechwood by SHIP and other investors.

423. Nordlicht, Huberfeld, and Bodner were principally responsible for communicating with the other Co-Conspirators to coordinate the Co-Conspirators' perpetration of the Platinum-Beechwood Scheme, as outlined in this pleading, the PPVA Complaint, the PPCO Complaint, the

SEC Complaint, the Criminal Indictments, and the CNO Pleading. Indeed, Nordlicht and Levy received real-time updates and requests for direction from their Co-Conspirators, including Manela, Feit, Saks, Kim, and their Platinum-Beechwood colleagues regarding how and where SHIP's funds would be invested. This same information was not shared with SHIP. Due to the lack of an available public market valuation and lack of transparency into the valuation process, coupled with the Beechwood Entities' status as SHIP's discretionary investment advisor and fiduciary, meant that SHIP had little choice but to rely—and it did rely—on Beechwood to report accurately and in good faith the value of SHIP's investment assets. The scheme that they orchestrated spanned years and claimed numerous victims, including institutional investors such as SHIP and CNO as well as individual investors, and comprised many facets and countless sham transactions, including the sampling of transactions detailed in this pleading and other complaints filed in the consolidated actions.

424. As detailed above, each of the other Co-Conspirators directly participated in, and played a principal role in consummating, several of these fraudulent transactions, ultimately resulting in the transfer of $320 million away from SHIP for the benefit of Beechwood- and Platinum-related entities and individuals. The Co-Conspirators had direct knowledge of Platinum's undisclosed connections to Beechwood, and they knew that the valuations assigned to the assets in which SHIP's funds were invested were unsupported, false, and misleading. Numerous Co-Conspirators, including Manela, Kim, Feit, Beren, and Saks, served in dual roles at Platinum ***and*** Beechwood, and were directly involved in the valuation of, or transactions related to, various Platinum investments into which SHIP's funds ultimately were invested.

425. Furthermore, the Beechwood Insiders, with the direct assistance and at the direction of the Platinum Insiders (including Nordlicht, Huberfeld, and Bodner), aggressively encouraged

SHIP to participate in these fraudulent transactions and took substantial steps to ensure that SHIP's funds were diverted to these fraudulent investments, including the execution of transaction documents on SHIP's behalf.

426. By virtue of their respective roles and conduct, each of the Co-Conspirators acted with knowledge that the Beechwood Entities, Levy, Feuer, Taylor, and Narain owed fiduciary duties to SHIP, and that they breached those duties by engaging in transactions for the benefit of Beechwood and Platinum and to the detriment of SHIP, by denying SHIP access to full and accurate information about the nature and performance of its investments, and by claiming and collecting millions of dollars in performance fees from SHIP which were, in fact, unearned.

427. The Co-Conspirators' substantial assistance in connection with the Platinum-Beechwood Scheme proximately caused SHIP's damages because it was reasonably foreseeable that their conduct would cause SHIP, among other things: (i) to be fraudulently induced into entering the IMAs with Beechwood; (ii) not to terminate the IMAs sooner or to take other actions that might mitigate the damages that SHIP suffered while the IMAs remained in effect; (iii) pay to Beechwood millions of dollars in performance fees to which it was not entitled under the IMAs; and (iv) incur millions of dollars in expenses in connection with the termination of the IMAs and efforts to recoup the monies and assets lost as a result of the fraudulent scheme.

428. Accordingly, as a direct and proximate result of the Co-Conspirators' knowledge of, participation in, and substantial assistance in the breaches of the fiduciary duties owed to SHIP by the Beechwood Entities, Levy, Feuer, Taylor, and Narain, SHIP suffered damages in an amount to be determined at trial. Furthermore, in light of the intentional, deliberate, and malicious nature of the Co-Conspirators' substantial assistance in connection with the fraud, SHIP is entitled to punitive damages.

COUNT THREE

Aiding and Abetting Fraud
(Against the Beechwood Owner Trusts, the BRILLC Series Entities, the BRILLC Series Members, and the 2016 Acquisition Trusts)

429. SHIP incorporates each and every allegation above as if fully set forth in this count.

430. As detailed above, the Beechwood Owner Trusts, the BRILLC Series Entities, and the BRILLC Series Members were instrumentalities through which Nordlicht, Huberfeld, Bodner, and Levy concealed their ownership of and control over Beechwood, thereby enabling the perpetuation of the fraudulent Platinum-Beechwood Scheme through the summer of 2016.

431. In particular, and as alleged above, the Beechwood Trusts and the BRILLC Series Entities were formed at or around the time that Beechwood was formed in 2013, and served as vehicles through which Nordlicht, Huberfeld, Bodner, and Levy shielded their financial interests in Beechwood from the prying eyes of prospective Beechwood clients during the course of due diligence. These entities also provided cover for the fraudulent and oft-repeated claim that Beechwood was majority-owned and controlled by its nominal "founders," Feuer and Taylor. The BRILLC Series Members, as the sole managing members of the BRILLC Series Entities, acted on behalf of the LLCs at all relevant times. The BRILLC Series Members, in turn, were entities – with the exception of Dahlia Kalter – that were owned and controlled by either Nordlicht, Huberfeld, or Bodner, or family members acting at their direction.

432. In July 2016, after the apparent connections between Platinum and Beechwood had begun to come to light, Beechwood still represented to SHIP and other investors in a letter that Beechwood was "owned 99%" by Feuer and Taylor. Beechwood further represented in that letter that the small interests not owned by Feuer and Taylor were owned by trusts that were represented by an "independent" trustee. These representations were false, [redacted]

[redacted]

[redacted]

437. These defendants' substantial assistance in connection with the Platinum-Beechwood Scheme proximately caused SHIP's damages because it was reasonably foreseeable that their conduct would cause SHIP, among other things: (i) to be fraudulently induced into entering the IMAs with Beechwood; (ii) not to terminate the IMAs sooner or to take other actions that might mitigate the damages that SHIP suffered while the IMAs remained in effect; (iii) pay to Beechwood millions of dollars in performance fees to which it was not entitled under the IMAs; and (iv) incur millions of dollars in expenses in connection with the termination of the IMAs and efforts to recoup the monies and assets lost as a result of the fraudulent scheme.

438. Accordingly, as a direct and proximate result of these defendants' knowledge, participation, and substantial assistance in the fraudulent Platinum-Beechwood Scheme, SHIP suffered damages in an amount to be determined at trial. Furthermore, in light of the intentional, deliberate, and malicious nature of these defendants' substantial assistance in connection with the fraud, SHIP is entitled to punitive damages.

COUNT FOUR

Aiding and Abetting Breach of Fiduciary Duty
(Against the Beechwood Owner Trusts, the BRILLC Series Entities, the BRILLC Series Members, and the 2016 Acquisition Trusts)

439. SHIP incorporates each and every allegation above as if fully set forth in this count.

440. As detailed in this pleading and in the SHIP Action, Beechwood, Levy, Feuer, and Taylor breached the fiduciary duties of candor, loyalty, and care that they owed to SHIP. By virtue of their improper engagement in self-interested, risky transactions involving undisclosed connections to Platinum-related entities, and favoring related-party interests over the best interests of SHIP, Beechwood denied SHIP the returns to which it was guaranteed under the IMAs. Beechwood further denied SHIP access to full and accurate information about the nature and performance of the investments, thus preventing SHIP from taking earlier actions to protect itself and limit the damage being done to it and causing SHIP to pay tens of millions of dollars in performance fees that had not in fact been earned.

441. As described in the preceding Count, the Beechwood Owner Trusts and the BRILLC Series Entities were formed for the specific purpose of shrouding Platinum's ties to Beechwood in secrecy and withholding that information from SHIP and Beechwood's other investors. [redacted]

[redacted] Further, the Beechwood Owner Trusts and the BRILLC Series Entities were instrumentalities or alter egos of the Co-Conspirators, originally formed for the purpose of concealing Beechwood's true ownership structure, all in furtherance of Beechwood, Feuer, Taylor, and Levy's breaches of its fiduciary duties to SHIP.

443. These defendants' substantial assistance in connection with the Platinum-Beechwood Scheme proximately caused SHIP's damages because it was reasonably foreseeable that their conduct would cause SHIP, among other things: (i) to be fraudulently induced into entering the IMAs with Beechwood; (ii) not to terminate the IMAs sooner or to take other actions that might mitigate the damages that SHIP suffered while the IMAs remained in effect; (iii) pay to Beechwood millions of dollars in performance fees to which it was not entitled under the IMAs; and (iv) incur millions of dollars in expenses in connection with the termination of the IMAs and efforts to recoup the monies and assets lost as a result of the fraudulent scheme.

444. Accordingly, as a direct and proximate result of these defendants' knowledge of, participation in, and substantial assistance in the breaches of the fiduciary duties owed to SHIP by Beechwood, Levy, Feuer, and Taylor, SHIP suffered damages in an amount to be determined at trial. Furthermore, in light of the intentional, deliberate, and malicious nature of these defendants' substantial assistance in connection with the fraud, SHIP is entitled to punitive damages.

COUNT FIVE

Civil Conspiracy
(Against all Crossclaim Defendants and Third-Party Defendants except the SHIP Action Defendants)

445. SHIP incorporates each and every allegation above as if set forth fully in this count.

446. As alleged in this pleading and in the SHIP Action, the PPVA Complaint, the PPCO Complaint, the SEC Complaint, the Criminal Indictments, and the CNO Pleading, the Co-Conspirators, the Beechwood Owner Trusts, the BRILLC Series Entities, and the BRILLC Series Members conspired with Beechwood, Feuer, Taylor, and Levy to commit fraud in the inducement against SHIP by fraudulently inducing SHIP to enter each of the three IMAs and in turn invest SHIP's funds pursuant to those IMAs, as well as by causing or inducing SHIP to enter into other investments.

447. The Co-Conspirators also conspired with Beechwood, Feuer, Taylor, and Levy to commit fraud against SHIP in connection with Beechwood's subsequent performance under the IMAs by misrepresenting the nature and performance of SHIP's investments, thereby causing SHIP to remain in unsuitable investments that favored the interests of the Co-Conspirators and their related parties over SHIP's best interests and to pay performance fees as well as continue to invest and not terminate the fraudulently induced IMAs or other investments.

448. The Co-Conspirators also conspired with Beechwood, Feuer, Taylor, and Levy to breach the fiduciary duties that Beechwood, Feuer, Taylor, and Levy owed to SHIP as SHIP's investment managers by engaging in transactions for the benefit of Beechwood and Platinum and to the detriment of SHIP, by denying SHIP access to full and accurate information about the nature and performance of its investments, and by claiming and collecting millions of dollars in performance fees from SHIP which were, in fact, unearned

449. BAMAS, Michael Nordlicht, and Kevin Cassidy were knowing and willing participants in the conspiracy to commit fraud and breach of fiduciary duty by virtue of their involvement in the June 2016 AGH Transactions. As detailed above, those transactions were consummated under false pretenses, ultimately resulting in significant damage to SHIP.

450. The Beechwood Owner Trusts, the BRILLC Series Entities, the BRILLC Series Members, and the 2016 Acquisition Trusts knowingly and willingly participated in the fraudulent conspiracy by way of their involvement in the August 2016 transactions whereby Nordlicht, Huberfeld, Bodner, and Levy purported to transfer away their ownership interests in Beechwood in order to perpetuate the deception that Beechwood was not irretrievably entangled with the criminal Platinum enterprise.

451. At all relevant times, therefore, each Crossclaim Defendant and Third-Party Defendant was a knowing and intentional participant in the conspiracy and agreed to pursue its aims.

452. Each Crossclaim Defendant and Third-Party Defendant also committed one or more overt acts in furtherance of the conspiracy, including, but not limited to, making fraudulent representations to SHIP concerning its investment strategy, fraudulently concealing material information from SHIP concerning the performance of its assets, egregiously and maliciously mishandling the assets that SHIP entrusted to Beechwood, or accepting ill-gotten benefits of the scheme. In addition, each Crossclaim Defendant and Third-Party Defendant committed one or more overt acts in furtherance of the Platinum-Beechwood Scheme, including, but not limited to: engaging in transactions designed to support the inflated valuations ascribed to Platinum and Beechwood-controlled investments, and engaging in transactions designed to conceal the "integration" between Platinum and Beechwood.

453. Accordingly, as a direct and proximate result of these defendants' knowledge of, participation in, and overt acts in furtherance of the conspiracy, SHIP suffered damages in an amount to be determined at trial. Furthermore, in light of the intentional, deliberate, and malicious nature of these defendants' substantial assistance in connection with the fraud, SHIP is entitled to punitive damages.

COUNT SIX

Breach of Contract Guaranty
(Against Mark Nordlicht and Dahlia Kalter)

454. SHIP incorporates each and every allegation above as if fully set forth in this count.

455. On January 30, 2015, SHIP entered into the Montsant NPA with Montsant Partners, pursuant to which SHIP lent Montsant Partners $35.5 million, with such loan secured by various assets of questionable value.

456. The Montsant NPA provided for an initial two-year term and SHIP should have received repayment of principal and any accrued and unpaid interest on January 30, 2017. To date, SHIP has never received any repayment on the Montsant NPA.

457. Montsant Partners accordingly is in default of and has breached its obligations under the Montsant NPA, resulting in damage to SHIP.

458. Furthermore, as alleged above, Mark Nordlicht and Dahlia Kalter each executed a personal guaranty of repayment of the Montsant NPA in the event of a default by Montsant Partners.

459. Nordlicht and Kalter have failed to repay the Montsant NPA, in breach of the obligations under the personal guaranties.

460. As a direct and proximate result of these breaches, SHIP has been damaged in an amount not less than $35.5 million, plus all contractual and statutory interest due and owing through the date of judgment.

COUNT SEVEN

Unjust Enrichment
(Against the Co-Conspirator Defendants, the Beechwood Owner Trusts, the BRILLC Series Entities, and the BRILLC Series Members)

461. SHIP incorporates each and every allegation above as if fully set forth in this count.

462. As set forth in this pleading, Feuer, Taylor, Levy, Nordlicht, Huberfeld, and Bodner, as owners of Beechwood through the Beechwood Owner Trusts, the BRILLC Series Entities, the BRILLC Series Members, and the 2016 Acquisition Trusts, were direct or indirect beneficiaries of Performance Fees paid to the Beechwood Entities or monies earned from transactions in which Beechwood favored its own interests or Platinum's interests over SHIP's interests. Because those monies were wrongfully obtained, it would be against equity and good conscience to permit those individuals to retain them. Moreover, to the extent that the Beechwood Owner Trusts, the BRILLC Series Entities, the BRILLC Series Members, or the 2016 Acquisition Trusts obtained the proceeds of any Performance Fees, dividends, or distributions they too were unjustly enriched.

463. Moreover, the Beechwood Owner Trusts were unjustly enriched with ill-gotten gains. The Feuer Family Trust was unjustly enriched by Feuer's actions. The Taylor-Lau Family Trust was unjustly enriched by Taylor's actions. Beechwood Trust No. 20 was unjustly enriched by Levy's action. In addition, Beechwood Trusts Nos. 1-19 were unjustly enriched by the actions of Nordlicht, Huberfeld and Bodner.

464. As set forth in this pleading, none of the Co-Conspirators was a party to any contract for which unjust enrichment is sought. To the extent that they received the proceeds of unearned Performance Fees or monies earned from transactions favoring Beechwood's or Platinum's interests over SHIP's and thus were enriched, and those proceeds are not recoverable or collectible from any other party, they were unjustly enriched in a manner that harmed SHIP and should be ordered to repay amounts they received, as a matter of equity.

465. As set forth in this pleading, Kevin Cassidy, and Michael Nordlicht were unjustly enriched in connection with the June 2016 AGH Transactions, at SHIP's expense. Cassidy pocketed $13 million as a result of those fraudulent transactions, for no apparent consideration or legitimate business reason. Michael Nordlicht similarly was unjustly enriched as a result of the 95.01% equity interest he was granted in Agera Energy, whose apparent appreciation in value inured to his benefit and to SHIP's detriment when the June 2016 AGH Transactions were consummated.

466. SHIP is entitled to restitution or other recoverable damages in an amount to be proven at trial.

COUNT EIGHT

Declaratory Judgment for Contractual Indemnification (Against Beechwood Re, BBIL, and BAM I)

467. SHIP incorporates each and every allegation above as if fully set forth in this count.

468. SHIP is entitled to indemnification for the conduct alleged against it in the PPCO Action, including all amounts paid in respect of judgments, fines, penalties or settlement of litigation, and its legal fees and expenses reasonably incurred in connection with the pending litigation.

469. The Beechwood Advisors' obligation to indemnify SHIP under the IMAs is a matter of unambiguous contract interpretation and therefore is a question of law for the Court.

470. Consequently, a justiciable controversy exists between SHIP and the Beechwood Advisors concerning the Beechwood Advisors' indemnification obligations to SHIP under the IMAs.

471. Pursuant to 28 U.S.C. § 2201, SHIP seeks a judgment declaring the Beechwood Advisors must indemnify SHIP against all liabilities and losses (including amounts paid in respect of judgments, fines, penalties, or settlements of litigation, and legal fees and expenses reasonably incurred in connection with the PPCO Action) suffered by virtue of SHIP being a Client Indemnified Party under the IMAs by reason of the Beechwood Advisors engaging in material violations of the IMAs that constitute fraud, gross negligence, or willful misconduct.

PRAYER FOR RELIEF

WHEREFORE, as to the above causes of action, SHIP respectfully demands:

a. Judgment in the amount of actual damages or other relief proven at trial, including all direct or consequential damages, punitive damages under state law, damages for diminution of value, and restitution, plus all applicable interest, attorneys' fees, costs of suit, and such other and further relief as this Court deems just and proper;

b. An order declaring that the Beechwood Advisors must indemnify SHIP against all liabilities and losses (including amounts paid in respect of judgments, fines, penalties or settlement of litigation and legal fees and expenses reasonably incurred in connection with the PPCO Action) suffered by virtue of SHIP being a Client Indemnified Party under the IMAs with respect to any material violation by the Beechwood Advisors of the IMAs.

DEMAND FOR TRIAL BY JURY

Defendant, Crossclaimant and Third-Party Plaintiff Senior Health Insurance Company of Pennsylvania and Defendant Fuzion Analytics, Inc. demand a trial by jury on all issues so triable.

Dated: New York, New York
May 15, 2019

Respectfully submitted,

By: _____

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