UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

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SECURITIES AND EXCHANGE COMMISSION,
Plaintiff,

-v-

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

Defendants.

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

REPLY DECLARATION OF MELANIE L. CYGANOWSKI

I, Melanie L. Cyganowski, pursuant to 28 U.S.C. § 1746, hereby declare that the following is true to the best of my knowledge, information and belief:

1. I make this Reply Declaration in my capacity as the duly appointed Receiver (the "***Receiver***") of Platinum Credit Management, L.P., Platinum Partners Credit Opportunities Master Fund LP, Platinum Partners Credit Opportunities Fund (TE) LLC, Platinum Partners Credit Opportunities Fund LLC, Platinum Partners Credit Opportunity Fund (BL) LLC, Platinum Liquid Opportunity Management (NY) LLC, and Platinum Partners Liquid Opportunity Fund (USA) L.P. (collectively, the "***Receivership Entities***"), in further support of the applications (the "***Applications***") for orders (i) approving the [Proposed] Second Amended Order Appointing Receiver (the "***Receiver Order Amendments***"), Dkt. No. 254, and (ii) adopting a protocol to enable parties in interest, other than the parties named in the caption, to be heard on motions or applications brought before the Court by the Receiver (the "***Protocol***"), Dkt. No. 255.

2. None of the parties to this action oppose, or have any comments on, the Applications. (*See* Docket Nos. 257-61, 263-66, 268.) Rather, the only comments on the Applications have been received from a purported "large group of non-insider Platinum Partners Credit Opportunities Fund ('PPCO' or the 'Fund') investors" (the "Comments"). (*See* Docket No. 267.) My response to the Comments follows below:

3. With respect to the Receiver Order Amendments, the Comments express concern with the proposed third sentence in paragraph 30, which states that "the Receiver's release of a security interest or other assignment or termination of rights in connection with the payoff of a loan, or the settlement of a transaction, at par shall be deemed within the ordinary course of business of the Receivership Entities' orderly wind down." The Comments indicate that the foregoing "language could be read to allow the Receiver to sell a 'security interest' (a mineral right, for example) at the 'par value' of the underlying loan, when the asset itself may be far more valuable." In fact, the proposed language does not address the Receiver's ability to sell or otherwise dispose of Receivership assets; rather, sales or dispositions of Receivership assets are dealt with exclusively in the first and second sentences of paragraph 30. The third sentence of paragraph 30 – concerning payoffs of loans, and settlements of transactions, "at par" – reflects that the Receiver does not require Court review and approval when the Receiver merely receives the proceeds to which the Receivership is contractually entitled, and executes the necessary documents reflecting satisfaction of the obligation, upon the payoff of a loan or settlement of transaction (*e.g.,* payout on a life insurance policy or on the purchase of a litigation outcome). Accordingly, the Receiver does not believe the concerns expressed in this regard are well founded. Nevertheless, the Receiver does not oppose the Comments' suggested change of

adding "(e.g., pay out on a life insurance policy or realization of a litigation outcome purchase)" after "settlement of a transaction" in paragraph 30.

4. With respect to the Protocol, the Comments generally "favor" them, but suggest that they should go further and incorporate "a procedure by which [interested parties] may access any confidential material submitted to the Court." Consistent with the views expressed by the Court, the Receiver intends to be as transparent as possible, and to limit documents filed under seal or with redactions, if any, only to trade secret and commercially sensitive information, on the one hand, or matters of privacy, on the other. Considering the fact that the Receivership Entities are in wind down and that there should be little, if any, trade secret or commercially sensitive information to protect, the Receiver does not presently anticipate filing many, if any, documents under seal or with redactions, if any. In the rare event the Receiver does determine that there is certain information that should not appear on the public docket, the Receiver will propose a protocol for enabling interested parties to access and review the protected information. In the interim, the Receiver believes that interested parties should be permitted now to respond to Receiver applications, without the necessity of intervening in the proceeding or filing notices of appearance, and, thus, adoption of the Protocol should not be deferred

5. For all of these reasons, and those set forth in my moving papers, I respectfully submit that the Court should enter (i) the [Proposed] Second Amended Order Appointing Receiver (if the Court agrees, as modified by the insertion to paragraph 30 proposed in the Comments), and (ii) an order adopting the proposed protocol to enable parties in interest, other than the parties named in the caption, to be heard on motions or applications brought before the Court by the Receiver.

I declare under penalty of perjury that the foregoing is true and correct.

Executed this 4th day of September 2017, at New York, NY.

___Adam C. Silverstein_____
Melanie L. Cyganowski