

**UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK**

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SECURITIES AND EXCHANGE	:	
COMMISSION,	:	
	:	
Plaintiff,	:	
	:	
-v-	:	
	:	
PLATINUM MANAGEMENT (NY) LLC;	:	No. 16-cv-6848 (BMC)
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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**DECLARATION OF MELANIE L. CYGANOWSKI, AS RECEIVER, IN SUPPORT
OF MOTION TO APPROVE SALE OF CERTAIN LIFE INSURANCE POLICIES**

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 declaration in my capacity as the duly appointed 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 Opportunities Fund (BL) LLC, Platinum Liquid Opportunity Management (NY) LLC, Platinum Partners Liquid Opportunity Fund (USA) L.P., Platinum Partners Liquid Opportunity Master Fund L.P., Platinum Partners Credit Opportunities Fund International Ltd and Platinum Partners Credit Opportunities Fund International (A) Ltd, in connection with my motion for entry of an order approving the sale of certain life insurance policies in which Platinum has a majority ownership interest, Dkt. No. 311, (the "***Sale Motion***").

2. Pursuant to the October 11, 2017 Order Adopting Protocols For Parties In Interest To Be Heard On Receiver Motions, Dkt. No. 271, attached hereto as Exhibit 1 is a response to the Sale Motion that was timely delivered to my counsel's e-mail address by counsel for Pee & En, LLC; (ii) Purchase of Stock LLC; (iii) William Korn; and (iv) Chaim Lunger (collectively, the "***Responding Minority Members***").

3. As noted in my April 9, 2018 Declaration this Court dated April 3, 2018, Dkt. No. 314, I reserved my right to file one omnibus reply to both the Responding Minority Members' response and the response by Senior Health Insurance Company of Pennsylvania, which I filed on that date, and will file my reply to both responses this week.

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

Executed this 16th day of April, 2018, at New York, New York.

/s/ Melanie L. Cyganowski
Melanie L. Cyganowski

EXHIBIT 1

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

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SECURITIES AND EXCHANGE COMMISSION,

Plaintiff,

1:16 Civ. 6848 (BMC)

-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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**MEMORANDUM IN RESPONSE TO THE MOTION OF THE RECEIVER FOR
APPROVAL OF THE SALE OF CERTAIN LIFE INSURANCE POLICIES**

Interested parties Pee & En, LLC, Purchase of Stock LLC, William Korn and Chaim Lunger (collectively, the “Responding Parties”) respectfully submit this memorandum in response to the motion of the Receiver Melanie L. Cyganowski, Esq. (the “Receiver”) for approval to sell certain life insurance policies owned by ALS Capital Ventures, LLC (“ALS”).

THE RESPONSE TO THE SALE MOTION

The Responding Parties are minority members in ALS, collectively owning 12.33% of the membership interests in the company. Platinum-related parties own approximately 73% of ALS’s membership interests.

On November 15, 2017, the Responding Parties commenced an action in New York state court against ALS seeking an accounting of all financial affairs relating to the Company. On December 15, 2017, the state court action was voluntarily discontinued without prejudice.

The Responding Parties do not oppose the sale of the subject life insurance policies sought by the Receiver and its attempt to generate funds for the minority members of ALS. However, the Responding Parties respectfully request that the Platinum-related members of ALS not be permitted to receive distributions from the sale prior to the Responding Parties being made whole for their investment in ALS.

ALS’s operating agreement provides that distributions are to be made first to the members until the balance of their 12.5% preferred return on their investment is reduced to zero. The Responding Parties have each made significant investments in ALS and have not received distributions in nearly 2 years. By contrast, it is believed that the Platinum-related majority members of ALS have improperly withdrawn funds for their own use.

Additionally, in a blatant act of self-dealing, the management of ALS, which, as set

forth above, consisted of Platinum-related parties, improperly collateralized ALS's assets in order to fund Platinum's operations that were wholly unrelated to ALS. These improper loans resulted in purported security interests being held by BAM Administrative Services LLC ("Beechwood"), which is an entity affiliated with Platinum's founder Murray Huberfeld and relatives of the other defendants in this case.

Upon information and belief, the prior Receiver in this case, Bart Schwartz, Esq. sold a portfolio of life insurance policies owned by ALS for an amount in excess of \$30 million. However, ALS has yet to receive any of the proceeds of that sale. It is believed that approximately \$7 million of the proceeds of that sale are currently being held in escrow pending resolution of a dispute between Beechwood and ALS (through the present Receivership). Beechwood's agent, Senior Health Insurance Company of Pennsylvania ("SHIP"), has recently served the present Receivership with a written objection to the instant proposed sale based on its purported security interest in ALS's assets.

In addition to the foregoing, the Responding Parties believe that others associated with Platinum's management have acted improperly to enrich themselves at the expense of ALS's minority members through payments of improper commissions to themselves and by engaging in other highly questionable transactions. Given these activities, and those set forth above, it would be inequitable to allow those associated with such acts to reap the fruits of any sale of ALS's assets. Rather, the Responding Parties respectfully request that the Court order that ALS's minority members be made whole before any other party receives proceeds from the sale.

In the alternative, we respectfully request that the Court hold a hearing to determine the proper procedure for the distribution of the sale proceeds, and that the funds remain in

escrow pending determination of the issue.

Dated: Brooklyn, New York
April 13, 2018

HAHN EISENBERGER PLLC

By: /s/ Elliot Hahn
Elliot Hahn (EH-6087)

Hahn Eisenberger PLLC
969 East 27th Street
Brooklyn, New York 11210
347-410-5800
mail@hahneisenberger.com

Attorneys for the Responding Parties