

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

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 IN RE PLATINUM-BEECHWOOD LITIGATION : Master Case No. 1:18-cv-06658 (JSR)  
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 MELANIE L. CYGANOWSKI, AS RECEIVER, BY :  
 AND FOR PLATINUM PARTNERS CREDIT : Case No. 1:18-cv-12018 (JSR)  
 OPPORTUNITIES MASTER FUND LP, PLATINUM:  
 PARTNERS CREDIT OPPORTUNITIES FUND (TE):  
 LLC, PLATINUM PARTNERS CREDIT : **THE BEECHWOOD PARTIES’**  
 OPPORTUNITIES FUND LLC, PLATINUM : **ANSWER TO THE FIRST**  
 PARTNERS CREDIT OPPORTUNITIES FUND : **AMENDED COMPLAINT**  
 INTERNATIONAL LTD., PLATINUM PARTNERS :  
 CREDIT OPPORTUNITIES FUND :  
 INTERNATIONAL (A) LTD., and PLATINUM :  
 PARTNERS CREDIT OPPORTUNITIES FUND (BL): **JURY TRIAL DEMANDED**  
 LLC, :  
 :  
 Plaintiffs, :  
 :  
 v. :  
 :  
 BEECHWOOD RE LTD., et al., :  
 :  
 Defendants. :  
 :  
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Defendants Beechwood Bermuda International Ltd., Beechwood Bermuda Ltd., and BAM Administrative Services LLC (collectively, the “Beechwood Parties”),<sup>1</sup> hereby respond to the first amended complaint dated March 29, 2019 (the “FAC”) 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

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<sup>1</sup> On July 23, 2019, the United States Bankruptcy Court for the Southern District of New York, entered an order in the matter of In Re Beechwood Re, Case No. 19-11560 (MG) staying all actions against Beechwood Re pursuant to Sections 1520 and 362(a) of the Bankruptcy Code. Such order was entered on July 26, 2019. In light of that, no answer is required of Beechwood Re at this time. Similarly, no answer is required of B Asset Manager, LP, B Asset Manager II, LP, Beechwood Re Holdings, Inc., Beechwood Re Investments LLC, Mark Feuer, or Scott Taylor, each of whom has been dismissed from the case.

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”), as follows:

1-16. Deny the allegations in Paragraphs 1-16 of the FAC.

17-31. Deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraphs 17-31 of the FAC, except refer to the referenced documents for their true and complete content.

32. Deny the allegations in Paragraph 32 of the FAC, except admit that Beechwood Re is a reinsurance company domiciled in the Cayman Islands.]

33-36. Admit the allegations in Paragraphs 33-36 of the FAC.

37. Deny the allegations in Paragraph 37 of the FAC, except admit that Beechwood Bermuda International Ltd. is domiciled in Bermuda.

38. Deny knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 38 of the FAC.

39-40. Admit the allegations in Paragraphs 39-40 of the FAC except deny that Beechwood Bermuda had a place of business in New York, New York and deny knowledge or information sufficient to form a believe as to the truth of whether Beechwood Bermuda was regulated by the Bermuda Monetary Authority at all material time.

41-46. Deny knowledge or information sufficient to form a belief about the truth of the allegations in Paragraphs 41-46 of the FAC.

47-48. Admit the allegations in Paragraphs 47-48 of the FAC.

49-60. Deny knowledge or information sufficient to form a belief about the truth of the allegations in Paragraphs 49-60 of the FAC.

61-64. State that Paragraphs 61-64 of the FAC assert legal conclusions to which no response is required.

65-107. Deny knowledge or information sufficient to form a belief about the truth of the allegations in Paragraphs 65-107 of the FAC, except refer to the referenced documents for their true and complete content.

108-113. Deny the allegations in Paragraphs 108-113 of the FAC.

114-144. Deny knowledge or information sufficient to form a belief about the truth of the allegations in Paragraphs 114-144 of the FAC, except refer to the referenced documents for their true and complete content.

145. State that the allegations in Paragraph 145 of the FAC assert a legal conclusion to which no response is required

146-147. Deny knowledge or information sufficient to form a belief about the truth of the allegations in Paragraphs 146-147.

148. Refer to the Reinsurance Agreements defined in Paragraph 141 of the FAC and any related agreements for their true and complete content

149-154. Deny knowledge or information sufficient to form a belief about the truth of the allegations in Paragraphs 149-154 of the FAC, except refer to the referenced documents for their true and complete content.

155. Refer to the alleged meeting in Paragraph 155 of the FAC for the precise terms, and otherwise deny the allegations in Paragraph 155 of the FAC.

156-157. Deny knowledge or information sufficient to form a belief about the truth of the allegations in Paragraphs 156-157 of the FAC, except refer to the referenced documents for their true and complete content.

158. Admit the allegation in Paragraph 158 of the FAC that Beechwood Re declined to enter into a reinsurance arrangement with SHIP, refer to the alleged statements in Paragraph 158 of the FAC for their precise terms, and otherwise deny the allegations in Paragraph 158 of the FAC.

159-161. Deny knowledge or information sufficient to form a belief about the truth of the allegations in Paragraphs 159-161 of the FAC.

162-163. Refer to the IMAs for their precise terms, and otherwise deny the allegations in Paragraphs 162-163 of the FAC.

164. Deny knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 164 of the FAC.

165-166. Refer to the IMAs for their precise terms and otherwise deny the allegations in Paragraphs 165-166 of the FAC, except admit that (i) SHIP deposited a total of \$80 million in a Wilmington Trust custody account in BBIL's name for investment by BBIL under the BBIL IMA, (ii) SHIP deposited \$80 million in a Wilmington Trust custody account in Beechwood Re's name for investment by Beechwood Re under the BRe IMA in June 2014, (iii) SHIP deposited a total of \$110 million in a Wilmington Trust custody account in SHIP's name for investment by BAM I under the BAM I IMA.

167. Refer to the referenced documents for their precise terms, and otherwise deny the allegations in Paragraph 167 of the FAC.

168. Deny knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 168 of the FAC.

169-173. Deny the allegations in Paragraphs 169-173 of the FAC.

174-176. Deny knowledge or information sufficient to form a belief about the truth of the allegations in Paragraphs 174-176 of the FAC.

177. Deny the allegations in Paragraph 177 of the FAC.

178. Deny knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 178 of the FAC.

179-180. Deny the allegations in Paragraphs 179-180 of the FAC.

181. Deny knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 181 of the FAC.

182. State that Paragraph 182 of the FAC asserts legal conclusions to which no response is required.

183-192. Deny knowledge or information sufficient to form a belief about the truth of the allegations in Paragraphs 183-192 of the FAC.

193. Deny the allegations in Paragraph 193 of the FAC.

194. Deny knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 194 of the FAC.

195. Admit that certain of the Beechwood Reinsurance Trusts purchased limited partnership interests in the PPCO Master Fund in 2014 and that this fact was not hidden.

196. Deny knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 196 of the FAC.

197. State that Paragraph 197 of the FAC asserts a legal conclusion to which no response is required. To the extent a response is deemed required, admit that quarterly reports were sent to the CNO Defendants by email, but otherwise deny the allegations in Paragraph 197.

198-200. Deny knowledge or information sufficient to form a belief about the truth of the allegations in Paragraphs 198-200 of the FAC.

201. Deny the allegations in Paragraph 201 of the FAC.

202. Refer to the referenced documents for their precise terms, and otherwise deny the allegations in Paragraph 202 of the FAC.

203-211. Deny knowledge or information sufficient to form a belief about the truth of the allegations in Paragraphs 203-211 of the FAC.

212. Admit that SHIP issued a Surplus Note to Beechwood Investments in or about February 2015 and refer to the transaction documents for their true and complete contents; otherwise deny the allegations in Paragraph 212.

213-214. Deny the allegations in Paragraphs 213-214 of the FAC.

215. Deny knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 215 of the FAC.

216. Refer to the Beechwood Exchange Note for its true and complete contents and admit that, to date, no payments have been made by Beechwood Investments to SHIP under the Beechwood Exchange Note.

217-218. Deny knowledge or information sufficient to form a belief about the truth of the allegations in Paragraphs 217-218 of the FAC.

219. Deny the allegations in Paragraph 219 of the FAC.

220-221. Deny knowledge or information sufficient to form a belief about the truth of the allegations in Paragraphs 220-221 of the FAC.

222. Deny the allegations in Paragraph 222 of the FAC.

223. Refer to the referenced documents for their precise terms, and otherwise deny the allegations in Paragraph 223 of the FAC.

224. Deny knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 224 of the FAC.

225-228. Refer to the referenced documents for their precise terms, and otherwise deny the allegations in Paragraphs 225-228 of the FAC.

229. Deny the allegations in Paragraph 229 of the FAC.

230. Refer to the SHIP Note for its true and complete contents and the distribution letters issued in connection with the SHIP Note for amounts transmitted thereunder.

231. Deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraph 231 of the FAC, except refer to the referenced documents for their true and complete content.

232. Deny knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 232 of the FAC.

233. Refer to the SHIP Note for its true and complete contents and the distribution letters issued in connection with the SHIP Note for amounts transmitted thereunder.

234. Deny knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 234 of the FAC.

235. Refer to the January 20, 2016 Amended and Restated Delayed Draw Demand Note for its true and complete contents, and otherwise deny the allegations in Paragraph 235 of the FAC.

236-239. Deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraphs 236-239 of the FAC, except refer to the referenced documents for their true and complete content.

240-244. Refer to the referenced documents for their precise terms, and otherwise deny the allegations in Paragraphs 240-244 of the FAC.

245-258. Deny knowledge or information sufficient to form a belief as to the truth of the allegations in Paragraphs 245-258 of the FAC, except refer to the referenced documents for their true and complete content.

259-271. Deny the allegations in Paragraphs 259-271 of the FAC.

272-290. State that the Receivers' First Claim for Relief has been dismissed with prejudice and therefore no response is required to Paragraphs 272-290 of the FAC.

291-298. State that the Receivers' Second Claim for Relief has been dismissed with prejudice and therefore no response is required to Paragraphs 291-298 of the FAC.

299-308. State that the Receivers' Third Claim for Relief has been dismissed with prejudice and therefore no response is required to Paragraphs 299-308 of the FAC.

309-316. State that the Receivers' Fourth Claim for Relief has been dismissed with prejudice and therefore no response is required to Paragraphs 309-316 of the FAC.

317-321. State that the Receivers' Fifth Claim for Relief has been dismissed with prejudice and therefore no response is required to Paragraphs 317-321 of the FAC.

322. Restate all of their responses to the allegations in Paragraphs 1-321 of the FAC in response to Paragraph 322 of the FAC.

323-327. Deny knowledge or information sufficient to form a belief about the truth of the allegations in Paragraphs 323-327 of the FAC.



328-333. Deny the allegations in Paragraphs 328-333 of the FAC.

334. Restate all of their responses to the allegations in Paragraphs 1-333 of the FAC in response to Paragraph 334 of the FAC.

335-340. Deny the allegations in Paragraphs 335-340 of the FAC.

341. Restate all of their responses to the allegations in Paragraphs 1-340 of the FAC in response to Paragraph 341 of the FAC.<sup>2</sup>

342. Refer to the referenced documents for their precise terms, and otherwise deny the allegations in Paragraph 342 of the FAC.

343. Deny knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 343 of the FAC.

344. Deny the allegations in Paragraph 344 of the FAC.

345. Deny knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 345 of the FAC.

346-347. Deny the allegations in Paragraphs 346-347 of the FAC.

348. Restate all of their responses to the allegations in Paragraphs 1-347 of the FAC in response to Paragraph 348 of the FAC.

349. Refer to the referenced documents for their precise terms, and otherwise deny the allegations in Paragraph 349 of the FAC.

350-351. Deny knowledge or information sufficient to form a belief about the truth of the allegations in Paragraphs 350-351 of the FAC.

352-354. Deny the allegations in Paragraphs 352-354 of the FAC.

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<sup>2</sup> Only BAM Administrative responds to Paragraphs 341-426 of the FAC.

355. Restate all of their responses to the allegations in Paragraphs 1-354 of the FAC in response to Paragraph 355 of the FAC.

356-357. Deny knowledge or information sufficient to form a belief about the truth of the allegations in Paragraphs 356-357 of the FAC.

358. Deny the allegations in Paragraph 358 of the FAC.

359. Deny knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 359 of the FAC.

360-361. Deny the allegations in Paragraphs 360-361 of the FAC.

362. Restate all of their responses to the allegations in Paragraphs 1-361 of the FAC in response to Paragraph 362 of the FAC.

363. Refer to the referenced documents for their precise terms, and otherwise deny the allegations in Paragraph 363 of the FAC.

364. Deny knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 364 of the FAC.

365-367. Deny the allegations in Paragraphs 365-367 of the FAC.

368. Restate all of their responses to the allegations in Paragraphs 1-367 of the FAC in response to Paragraph 368 of the FAC.

369. Refer to the referenced documents for their precise terms, and otherwise deny the allegations in Paragraph 369 of the FAC.

370. Deny the allegations in Paragraph 370 of the FAC.

371-372. Deny knowledge or information sufficient to form a belief about the truth of the allegations in Paragraphs 371-372 of the FAC.

373-374. Deny the allegations in Paragraphs 373-374 of the FAC.

375. Restate all of their responses to the allegations in Paragraphs 1-374 of the FAC in response to Paragraph 375 of the FAC.

376. Refer to the referenced documents for their precise terms, and otherwise deny the allegations in Paragraph 376 of the FAC.

377. Deny the allegations in Paragraph 370 of the FAC.

378-379. Paragraphs 378-379 of the FAC assert a legal conclusion to which no response is required. To the extent a response is deemed required, the Beechwood Parties admit that BCLIC and WNIC recaptured the assets of the Beechwood Reinsurance Trusts on September 29, 2016.

380. Deny knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 380 of the FAC.

381-382. Deny the allegations in Paragraphs 381-382 of the FAC.

383. Restate all of their responses to the allegations in Paragraphs 1-382 of the FAC in response to Paragraph 383 of the FAC.

384. Refer to the referenced documents for their precise terms, and otherwise deny the allegations in Paragraph 384 of the FAC.

385-387. Deny knowledge or information sufficient to form a belief about the truth of the allegations in Paragraphs 385-387 of the FAC.

388-390. Deny the allegations in Paragraphs 388-390 of the FAC.

391. Restate all of their responses to the allegations in Paragraphs 1-390 of the FAC in response to Paragraph 391 of the FAC.

392. Refer to the referenced documents for their precise terms, and otherwise deny the allegations in Paragraph 392 of the FAC.

393. Deny the allegations in Paragraph 393 of the FAC.

394-396. Deny knowledge or information sufficient to form a belief about the truth of the allegations in Paragraphs 394-396 of the FAC.

397-398. Deny the allegations in Paragraphs 397-398 of the FAC.

399. Restate all of their responses to the allegations in Paragraphs 1-398 of the FAC in response to Paragraph 399 of the FAC.

400. Refer to the referenced documents for their precise terms, and otherwise deny the allegations in Paragraph 400 of the FAC.

401. Deny the allegations in Paragraph 401 of the FAC.

402-404. Deny knowledge or information sufficient to form a belief about the truth of the allegations in Paragraphs 402-404 of the FAC.

405-406. Deny the allegations in Paragraphs 405-406 of the FAC.

407. Restate all of their responses to the allegations in Paragraphs 1-406 of the FAC in response to Paragraph 407 of the FAC.

408. Refer to the referenced documents for their precise terms, and otherwise deny the allegations in Paragraph 408 of the FAC.

409. Deny knowledge or information sufficient to form a belief about the truth of the allegations in Paragraph 409 of the FAC.

410-411. Deny the allegations in Paragraphs 410-411 of the FAC.

412-414. Deny knowledge or information sufficient to form a belief about the truth of the allegations in Paragraphs 412-414 of the FAC.

415-416. Deny the allegations in Paragraphs 415-416 of the FAC.

417-419. State that the Receivers' Eighteenth Claim for Relief has been dismissed with prejudice and therefore no response is required to Paragraphs 417-419 of the FAC.

420. Restate all of their responses to the allegations in Paragraphs 1-419 of the FAC in response to Paragraph 417 of the FAC.

421. Refer to the transaction documents and UCC filings for their true and complete contents.

422-423. Refer to the referenced documents for their precise terms, and otherwise deny the allegations in Paragraphs 422-423 of the FAC.

424. Refer to the transaction documents and UCC filings for their true and complete contents.

425-426. Deny the allegations in Paragraphs 425-426 of the FAC.

#### **AFFIRMATIVE DEFENSES**

As and for separate defenses to the FAC, and without conceding that the Beechwood Parties bear the burden of proof or persuasion as to any of them, the Beechwood Parties assert as follows:

##### **First Affirmative Defense**

1. The FAC fails to state a claim against the Beechwood Parties upon which relief may be granted.

##### **Second Affirmative Defense**

2. The claims in the FAC are barred, in whole or in part, by the doctrine of *in pari delicto*.

**Third Affirmative Defense**

3. Plaintiffs' claims for relief are barred, in whole or in part, by its failure to mitigate damages.

**Fourth Affirmative Defense**

4. Plaintiffs' claims are barred, in whole or in part, because Plaintiff consented to and/or ratified the conduct alleged to have been wrongful in the FAC.

**Fifth Affirmative Defense**

5. Plaintiffs' claims are barred, in whole or in part, by the doctrine of waiver.

**Sixth Affirmative Defense**

6. Plaintiffs' claims are barred, in whole or in part, by the doctrine of estoppel.

**Seventh Affirmative Defense**

7. Plaintiffs' claims are barred, in whole or in part, by the doctrine of laches.

**Eighth Affirmative Defense**

8. Plaintiffs' claims are barred, in whole or in part, by the doctrine of unclean hands.

**Ninth Affirmative Defense**

9. Plaintiffs' damages are limited, in whole or in part, by the doctrine of setoff.

**Tenth Affirmative Defense**

10. Plaintiffs' claims are barred, in whole or in part, by the applicable statute of limitations.

**Eleventh Affirmative Defense**

11. Plaintiffs' declaratory judgment claim, and any request for injunctive or equitable relief, are barred, in whole or in part, because Plaintiffs have failed present a justiciable controversy between the parties and therefore the Court lacks jurisdiction to enter the declaratory relief sought.

**Twelfth Affirmative Defense**

12. Plaintiffs' alleged damages, if any, are too speculative and too remote.

**Thirteenth Affirmative Defense**

13. Plaintiffs' lack standing to pursue their claims against the Beechwood Parties.

**Fourteenth Affirmative Defense**

14. Plaintiffs' claims against the Beechwood Parties are barred, in whole or in part, based on the doctrines of assumption of the risk and/or culpable conduct on the part of the Plaintiffs, the parties whom Plaintiffs represent, and the parties in whose shoes Plaintiffs stand.

**Fifteenth Affirmative Defense**

15. The relief sought in the FAC is barred, in whole or in part, because any loss or damage sustained by Plaintiffs was occasioned by the acts, omissions, and/or conduct of persons and/or entities over whom the Beechwood Parties exercise no control.

**Sixteenth Affirmative Defense**

16. Plaintiffs' claims are barred, in whole or in part, because Plaintiffs were sophisticated investors.

**Reservation of Rights**

17. The Beechwood Parties hereby give notice that they intend to rely upon such other and further defenses as may become available during discovery in this action and reserve the right to amend their answer to assert any such defenses.

Dated: September 13, 2019  
Kew Gardens, New York

**LIPSIUS BENHAIM LAW LLP**

By: /s/ Ira S. Lipsius

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