

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

IN RE PLATINUM-BEECHWOOD LITIGATION

Master Docket No. 1:18-cv-06658-JSR

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, Plaintiffs,

18-cv-12018-JSR

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 Lawrence Partners, LLC (“Lawrence Partners”), by and through its undersigned counsel, hereby answers the third-party complaint (“TPC”) of Senior Health Insurance Company of Pennsylvania (“SHIP”) as follows:

NATURE OF THE ACTION

1. Lawrence Partners denies knowledge or information sufficient to form a belief as to the truth or falsity of the allegations set forth in paragraphs 1, 2, 3, 4 and 5 of the TPC.

THE PARTIES AND OTHER KEY PLAYERS

2. Lawrence Partners denies knowledge or information sufficient to form a belief as to the truth or falsity of the allegations set forth in paragraphs 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 32, 33, 34, 35, 36, 37, 38, 39, 40, 41, 42, 43, 44, 45, 46, 47, 48 and 49 of the TPC.

3. Lawrence Partners admits that Lawrence Partners was a member of Beechwood Re Investments, LLC Series B, that Lawrence Partners was owned in equal parts by Jessica Huberfeld-Beren (who is the Managing Member of Lawrence Partners), Rachel Huberfeld, Alexander Huberfeld, Ariella Huberfeld, and Jacob Huberfeld, otherwise denies the allegations directed to it, and otherwise denies knowledge or information sufficient to form a belief as to the truth or falsity of the allegations, set forth in paragraph 30 of the TPC, and refers to each document referenced therein for its terms and content.

4. Lawrence Partners denies the allegations directed to it, and otherwise denies knowledge or information sufficient to form a belief as to the truth or falsity of the allegations, set forth in paragraph 31 of the TPC, and refers to each document referenced therein (if any) for its terms and content.

JURISDICTION AND VENUE

5. The allegations of paragraphs 50 and 51 of the TPC purport to state conclusions of law to which no response is required. To the extent a response is required, Lawrence Partners denies the allegations set forth in paragraphs 50 and 51 of the TPC.

FACTUAL BACKGROUND

A. The Development of the Platinum-Beechwood Scheme

6. Lawrence Partners denies knowledge or information sufficient to form a belief as to the truth or falsity of the allegations set forth in paragraphs 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 64, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81 and 82 of the TPC.

i. Beechwood's Ownership Structure

7. Lawrence Partners denies knowledge or information sufficient to form a belief as to the truth or falsity of the allegations set forth in paragraphs 83, 84, 85, 86, 87, 88, 89, 90, 91, 92, 93, 94, 95, 97, 98, 99, 100, 101 and 102 of the TPC.

8. Lawrence Partners denies the allegations directed to it, and otherwise denies knowledge or information sufficient to form a belief as to the truth or falsity of the allegations, set forth in paragraph 96 of the TPC, and refers to each document referenced therein (if any) for its terms and content.

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

Integrated Companies

9. Lawrence Partners denies knowledge or information sufficient to form a belief as to the truth or falsity of the allegations set forth in paragraphs 103, 104, 105, 106, 107, 108, 109, 110, 111, 112, 113, 114, 115, 116, 117, 118, 119, 120, 121, 122, 123, 124, 125, 126 and 127 of the TPC.

B. CNO Reinsurance Agreements

10. Lawrence Partners denies knowledge or information sufficient to form a belief as to the truth or falsity of the allegations set forth in paragraphs 128, 129, 130, 131, 132, 133, 134, 135 and 136 of the TPC.

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

11. Lawrence Partners denies knowledge or information sufficient to form a belief as to the truth or falsity of the allegations set forth in paragraphs 137, 138, 139, 140, 141, 142, 143, 144, 145, 146, 147, 148, 149, 150, 151, 152, 153, 154, 155, 156, 157, 158, 159, 160 and 161 of the TPC.

D. The Investment Management Agreements

12. Lawrence Partners denies knowledge or information sufficient to form a belief as to the truth or falsity of the allegations set forth in paragraph 162 of the TPC.

i. The BBIL IMA

13. Lawrence Partners denies knowledge or information sufficient to form a belief as to the truth or falsity of the allegations set forth in paragraphs 163, 164, 165, 166, 167, 168, 169, 170, 171, 172, 173, 174, 175, 176, 177, 178, 179, 180, 181 and 182 of the TPC.

ii. The Beechwood Re IMA

14. Lawrence Partners denies knowledge or information sufficient to form a belief as to the truth or falsity of the allegations set forth in paragraphs 183, 184, 185, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 197, 198 and 199 of the TPC.

iii. The BAM IMA and Side Letter

15. Lawrence Partners denies knowledge or information sufficient to form a belief as to the truth or falsity of the allegations set forth in paragraphs 200, 201, 202, 203, 204, 205, 206, 207, 208, 209, 210, 211, 212, 213, 214, 215 and 216 of the TPC.

iv. Indemnification Under the IMAs

16. Lawrence Partners denies knowledge or information sufficient to form a belief as to the truth or falsity of the allegations set forth in paragraphs 217, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, 229, 230 and 231 of the TPC.

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

17. Lawrence Partners denies knowledge or information sufficient to form a belief as to the truth or falsity of the allegations set forth in paragraphs 232, 233 and 234 of the TPC.

i. Beechwood Partakes in Numerous Related-Party Transactions

18. Lawrence Partners denies knowledge or information sufficient to form a belief as to the truth or falsity of the allegations set forth in paragraphs 235, 236, 237, 238, 239, 240, 241, 242, 243, 244, 245, 246, 247 and 248 of the TPC.

a. Montsant Partners LLC

19. Lawrence Partners denies knowledge or information sufficient to form a belief as to the truth or falsity of the allegations set forth in paragraphs 249, 250, 251, 252, 253, 254, 255 and 256 of the TPC.

b. PEDEVCO Corp.

20. Lawrence Partners denies knowledge or information sufficient to form a belief as to the truth or falsity of the allegations set forth in paragraphs 257, 258, 259, 260, 261, 262, 263, 264, 265, 266 and 267 of the TPC.

c. Agera Energy

21. Lawrence Partners denies knowledge or information sufficient to form a belief as to the truth or falsity of the allegations set forth in paragraphs 268, 269, 270, 271, 272, 273, 274, 275, 276, 277, 278, 279, 280, 281, 282, 283, 284, 285, 286, 287, 288, 289, 290, 291, 292, 293, 294, 295, 296, 297, 298, 299, 300, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315, 316, 317, 318, 319 and 320 of the TPC.

ii. Beechwood Overvalues Investments and Collects Performance Fees as a Result

22. Lawrence Partners denies knowledge or information sufficient to form a belief as to the truth or falsity of the allegations set forth in paragraphs 321, 322, 323, 324, 325, 326, 327, 328, 329, 330, 331, 332, 333, 334, 335, 336, 337, 338, 339, 340, 341, 342, 343 and 344 of the TPC.

iii. Beechwood Takes Performance Fees

23. Lawrence Partners denies knowledge or information sufficient to form a belief as to the truth or falsity of the allegations set forth in paragraphs 345, 346, 347, 348, 349, 350, 351, 352, 353, 354, 355, 356, 357, 358, 359, 360, 361, 362, 363, 364, 365 and 366 of the TPC.

iv. Continued Concealment

24. Lawrence Partners denies knowledge or information sufficient to form a belief as to the truth or falsity of the allegations set forth in paragraphs 367, 368, 369, 370, 371 and 372 of the TPC.

v. Transfer of Beechwood Investments Made with CNO Assets to SHIP

25. Lawrence Partners denies knowledge or information sufficient to form a belief as to the truth or falsity of the allegations set forth in paragraphs 373, 374, 375, 376, 377 and 378 of the TPC.

vi. The Unjust Profits from the Platinum-Beechwood Scheme are Hidden from Creditors

26. Lawrence Partners denies knowledge or information sufficient to form a belief as to the truth or falsity of the allegations set forth in paragraphs 379, 380, 382 and 383 of the TPC.

27. Lawrence Partners denies the allegations directed to it, and otherwise denies knowledge or information sufficient to form a belief as to the truth or falsity of the allegations, set forth in paragraph 381 of the TPC.

F. Revelation of the Fraudulent Platinum-Beechwood Scheme and Further Concealment

28. Lawrence Partners denies knowledge or information sufficient to form a belief as to the truth or falsity of the allegations set forth in paragraphs 384, 385, 386, 387, 388, 389, 390, 391, 392, 393, 395, 396, 397, 398, 399, 400, 401, 402, 403, 404, 405, 406, 407, 408 and 409 of the TPC.

COUNT ONE

**Aiding and Abetting Fraud
(Against the Co-Conspirator Defendants)**

29. In response to paragraph 410 of the TPC, Lawrence Partners repeats and realleges the responses to paragraphs 1-409 of the TPC as if fully set forth herein.

30. Paragraphs 411, 412, 413, 414, 415, 416, 417 and 418 of the TPC purport to state allegations in support of a claim that is not directed to Lawrence Partners, and to which no response is required. To the extent a response is required, Lawrence Partners denies the allegations directed to him set forth in those paragraphs.

COUNT TWO

**Aiding and Abetting Breach of Fiduciary Duty
(Against the Co-Conspirator Defendants)**

31. In response to paragraph 419 of the TPC, Lawrence Partners repeats and realleges the responses to paragraphs 1-418 of the TPC as if fully set forth herein.

32. Paragraphs 420, 421, 422, 423, 424, 425, 426, 427 and 428 of the TPC purport to state allegations in support of a claim that is not directed to Lawrence Partners, and to which no response is required. To the extent a response is required, Lawrence Partners denies the allegations directed to him set forth in those paragraphs.

COUNT THREE

**Aiding and Abetting Fraud
(Against the Beechwood Owner Trusts, The BRILLC Series Entities, the BRILLC Series Members, and the 2016 Acquisition Trusts)**

33. In response to paragraph 429 of the TPC, Lawrence Partners repeats and realleges the responses to paragraphs 1-428 of the TPC as if fully set forth herein.

34. Lawrence Partners denies the allegations directed to it, and otherwise denies knowledge or information sufficient to form a belief as to the truth or falsity of the allegations, set forth in paragraphs 429, 430, 431, 432, 433, 434, 435, 436, 437 and 438 of the TPC.

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)**

35. In response to paragraph 439 of the TPC, Lawrence Partners repeats and realleges the responses to paragraphs 1-438 of the TPC as if fully set forth herein.

36. Lawrence Partners denies the allegations directed to it, and otherwise denies knowledge or information sufficient to form a belief as to the truth or falsity of the allegations, set forth in paragraphs 440, 441, 442, 443 and 444 of the TPC.

COUNT FIVE

**Civil Conspiracy
(Against all Crossclaim Defendants and Third-Party Defendants except the SHIP Action Defendants)**

37. In response to paragraph 445 of the TPC, Lawrence Partners repeats and realleges the responses to paragraphs 1-443 of the TPC as if fully set forth herein.

38. Paragraphs 446, 447, 448, 449, 450, 452, 452 and 453 of the TPC purport to state allegations in support of a claim that was dismissed by the Court in its August 19, 2019 Order, and to which no response is required. To the extent a response is required, Lawrence Partners denies the allegations directed to it set forth in those paragraphs.

COUNT SIX

**Breach of Contract Guaranty
(Against Mark Nordlicht and Dalia Kalter)**

39. In response to paragraph 454 of the TPC, Lawrence Partners repeats and realleges the responses to paragraphs 1-453 of the TPC as if fully set forth herein.

40. Paragraphs 455, 456, 457, 458, 459 and 460 of the TPC purport to state allegations in support of a claim that is not directed to Lawrence Partners, and to which no response is required. To the extent a response is required, Lawrence Partners denies the allegations directed to him set forth in those paragraphs.

COUNT SEVEN

**Unjust Enrichment
(Against the Co-Conspirator Defendants, the Beechwood Owner Trusts, The BRILLC Series Entities, and the BRILLC Series Members)**

41. In response to paragraph 461 of the TPC, Lawrence Partners repeats and realleges the responses to paragraphs 1-460 of the TPC as if fully set forth herein.

42. Paragraphs 462, 463, 464, 465 and 466 of the TPC purport to state allegations in support of a claim that was dismissed by the Court in its August 19, 2019 Order, and to which no response is required. To the extent a response is required, Lawrence Partners denies the allegations directed to it set forth in those paragraphs.

COUNT EIGHT

**Declaratory Judgment for Contractual Indemnification
(Against Beechwood re, BBIL, and BAM I)**

43. In response to paragraph 467 of the TPC, Lawrence Partners repeats and realleges the responses to paragraphs 1-466 of the TPC as if fully set forth herein.

44. Paragraphs 468, 469, 470 and 471 of the TPC purport to state allegations in support of a claim that is not directed to Lawrence Partners, and to which no response is required. To the extent a response is required, Lawrence Partners denies the allegations directed to him set forth in those paragraphs.

WHEREFORE, Lawrence Partners denies that SHIP is entitled to the relief set forth in the *ad damnum* clause, or to any relief at all.

GENERAL DENIAL

Except as otherwise expressly admitted above, Lawrence Partners denies each and every allegation of the TPC, and specifically denies any wrongdoing or liability to SHIP.

AFFIRMATIVE DEFENSES

Without in any way admitting any of the allegations in the TPC, and without admitting or suggesting that Lawrence Partners bears the burden of proof on any of the following issues, Lawrence Partners alleges the following separate and independent affirmative defenses:

First Affirmative Defenses

SHIP's claims against Lawrence Partners are barred in whole or in part for lack of standing.

Second Affirmative Defense

SHIP's claims against Lawrence Partners are barred in whole or in part for failure to state a claim.

Third Affirmative Defense

SHIP's claims against Lawrence Partners are barred in whole or in part for failure to allege their claims sounding in fraud, misrepresentation, and/or breach of trust with requisite particularity.

Fourth Affirmative Defense

SHIP's claims against Lawrence Partners are barred in whole or in part by applicable statutes of limitation.

Fifth Affirmative Defense

SHIP's claims against Lawrence Partners are barred in whole or in part by the doctrine of *in pari delicto*.

Sixth Affirmative Defense

SHIP's claims against Lawrence Partners are barred in whole or in part by SHIP's, or SHIP's agents', representatives', or consultants', inequitable conduct.

Seventh Affirmative Defense

SHIP's claims against Lawrence Partners are barred in whole or in part by the equitable doctrines of bad faith and unclean hands.

Eighth Affirmative Defense

SHIP's claims against Lawrence Partners are barred, based on SHIP's conduct, in whole or in part by equitable doctrines, including acquiescence, waiver, estoppel, and laches.

Ninth Affirmative Defense

SHIP's claims against Lawrence Partners are barred in whole or in part, and/or SHIP's damages must be reduced, because SHIP failed to mitigate damages.

Tenth Affirmative Defense

SHIP's claims against Lawrence Partners are barred in whole or in part by the doctrine of intervening or superseding causation.

Eleventh Affirmative Defense

SHIP's claims for punitive damages against Lawrence Partners are barred because an award of punitive damages is not permissible.

Twelfth Affirmative Defense

SHIP's claims are barred, in whole or in part, because they have been released, discharged, compromised, and settled; and/or by accord and satisfaction.

Reservation And Non-Waiver Of Additional Affirmative Defenses

Lawrence Partners reserves the right to assert and rely on, and does not waive, any additional defenses that become available or apparent during the course of this action.

WHEREFORE, Lawrence Partners respectfully requests judgment dismissing SHIP's claims as against Lawrence Partners in their entirety with prejudice, awarding Lawrence Partners

costs and expenses, including attorneys' fees, and such further and additional relief as the court deems just and proper.

Dated: New York, New York
September 13, 2019

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