

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, :

No. 16-CV-6848 (BMC)

Defendants. :

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THE RECEIVER’S SIXTH STATUS REPORT TO THE COURT

Melanie L. Cyganowski, the duly appointed Receiver (the “Receiver”) of Platinum Credit Management, L.P., Platinum Partners Credit Opportunities Master Fund LP,¹ 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, 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 (collectively, the “Receivership Entities,” the “Platinum Entities” or “Platinum”), by her undersigned counsel, hereby submits this Sixth Status Report, covering the period from October 1, 2018 through and including December 31, 2018 (the “Reporting Period”).

¹ Platinum Partners Credit Opportunities Master Fund LP, and its feeder funds are collectively referred to herein as “PPCO” and the Platinum Partners Liquid Opportunity Funds are collectively referred to as “PPLO”.

This quarterly status report is being filed in accordance with the requirements of the Second Amended Order Appointing Receiver (the “Receiver Order”), entered on October 16, 2017 by the District Court for the Eastern District of New York (the “Receivership Court”). [Dkt. No. 276].

I. PRELIMINARY STATEMENT

During the Reporting Period, several significant activities occurred in the Platinum estate (the “Receivership Estate”), including that the Receiver (i) closed the sale of the Abdala gold mine tailings impoundment in Brazil (the “Abdala Tailings Project”), widely acknowledged to be the Receivership Estate’s most valuable asset; (ii) filed suit in the United States District Court for the Southern District of New York against a group of defendants seeking damages for claims arising from a fraudulent scheme perpetrated to the detriment of Platinum, as well as the avoidance of certain liens which may otherwise adversely impact potential distributions to investors and creditors (the “Fraud Action”); (iii) advanced the confidential arbitration proceeding; (iv) filed a motion with the Receivership Court seeking approval of a process for pre-receivership claimants to file their claims against Platinum; (v) filed a motion to sell another potentially significant asset – LC Energy; and (vi) continued to seek to monetize the remaining assets, both in and out of ongoing court proceedings.

The Receiver and her team² also continued to work towards the monetization of remaining assets in the investment portfolio. In addition to the closing of the sale of the Abdala Tailings Project, three other assets were liquidated during the Reporting Period: Azarga Uranium Corp (\$1.3 million), Daybreak Oil and Gas, Inc. (\$700,000) and Pro Player Athletes (\$20,000). The remaining assets have presented more problems and have taken longer to dispose of for a

² To assist her with her duties, the Receiver retained, with the approval of the Court (on July 21, 2017), Otterbourg P.C. (“Otterbourg”) as her legal counsel [Dkt. no. 231] and Goldin Associates LLC as her financial advisor [Dkt. no. 232] (“Goldin” and, together with Otterbourg, the “Receivership Team”).

variety of reasons (some long recognized, others unanticipated), including, in some cases, because they are being administered through or relate to bankruptcy proceedings or liquidations (e.g., Arabella, LC Energy and Cleveland Mining). The Receiver will continue to seek to realize upon those assets that are impacted by bankruptcy/litigation processes or other litigation, and will take continue to take steps to expedite those processes when able. For example, the Receiver has a pending motion relating to LC Energy that seeks to sell the asset free and clear of any liens and have all parties asserting a lien on the proceeds (largely bankruptcy-related claims) to assert such claims in the Receivership court. In addition, the Receivership Team continues to sell stock holdings, including seeking relief from trading restrictions, and assess which remaining assets have no present or likely future market value and, thus, should be disposed of without the further expenditure of resources.

In addition to monetizing portfolio investments, the Receiver dedicated resources to an analysis of the pre-receivership business and affairs of Platinum, including the enforceability of purported security interests in Platinum's assets, and an investigation into potential significant causes of action against third parties by the Platinum estate. This investigation led to the commencement of the Fraud Action with the filing of a 160-page complaint against a group of defendants, including certain so-called Beechwood entities, Senior Health Insurance Company of Pennsylvania, Fuzion Analytics, Inc., Bankers Conesco Life Insurance Company, Washington National Insurance Company and CNO Financial Group, Inc. (collectively, the "Insurance Defendants"), asserting thirteen causes of action, including common law fraud, aiding and abetting of common law fraud, aiding and abetting of breach of fiduciary duty, fraudulent conveyances, federal securities fraud, and violations of the Racketeer Influenced and Corrupt Organizations Act. In addition to monetary damages, the Receiver is seeking to avoid the first-

priority liens asserted against Platinum's assets by certain of the defendants which may otherwise adversely impact potential distributions to investors and creditors of funds. The Fraud Action and the pending arbitration case are discussed in further detail below. The Receiver is continuing to evaluate other potential causes of action to be asserted on behalf of the Receivership Entities.

The Receivership Team also continued to analyze the factors that will impact which claims may be entitled to a distribution and the timing of distributions, including claims of security interests in Receivership assets and claims to funds in escrow. During the Reporting Period, the Receiver presented a motion to the Court regarding a proposed claims process. This motion is pending before the Receivership Court.

II. SUMMARY OF OPERATIONS OF THE RECEIVERSHIP

A. Appointment of Receiver and Duties

On December 19, 2016, the District Court entered an Order Appointing Receiver, [Dkt. Nos. 6 and 16], which appointed Bart Schwartz as receiver (the "Prior Receiver"). At the time of his appointment, the Prior Receiver was serving as a monitor for the Platinum Entities.

On June 23, 2017, after six months, the Prior Receiver resigned and, upon the recommendation of the SEC, by Order dated July 6, 2017, Melanie L. Cyganowski was appointed as Receiver, effective immediately (*i.e.*, July 6, 2017), and ordered to assume all authority previously held by the Prior Receiver. [Dkt. No. 216].

Under the terms of the Receiver Order, the Receiver is, among other things, required to preserve the *status quo*, ascertain the extent of commingling of funds, ascertain the true financial condition of the Platinum Entities, prevent further dissipation of property and assets of those entities, prevent the encumbrance or disposal of property or assets of the Platinum Entities, preserve the books, records, and documents of the Platinum Entities, be available to respond to

investors' inquiries, protect investors' assets, conduct an orderly wind down, including a responsible disposition of assets and an orderly and fair distribution of those assets to investors, and determine whether one or more of the Receivership Entities should undertake bankruptcy filings.

B. Analysis and Disposition of Receivership Assets

During the Reporting Period, the Receivership Team continued to monetize the remaining assets in the portfolio, stay actively involved with bankruptcy and liquidation proceedings in which Platinum has a claim or interest, and designate certain assets for which no interest has developed for a bulk remnant sale. To the extent possible, the Receiver has worked with other investors in the asset to maximize recovery. If joint disposition is not feasible, the Receivership Team has sought to independently monetize its investment in the asset.

As previously reported, most investments in the Platinum portfolio were in companies that have been in the developmental stages and have not yet had proven success or the prospects for success were greatly overstated by prior management. As a result, many investments are problematic. For example, many of the investments have actual or potential significant liabilities, are subject to potentially superior liens or debt, and/or require additional cash investment for the underlying company to continue or resume operations.

The Receiver continues to believe that, under the circumstances of the Receivership, capital investment should not be invested in any asset beyond what is necessary to preserve that asset and maintain value until monetization is possible. If an asset has no value (or value that is estimated to be less than maintenance costs), the Receiver will not invest further resources to maintain such asset. At this time, one remaining asset which requires significant funding is the LC Energy asset which requires lease payments. As described below, disposition of this asset,

which was purchased prior to the receivership out of a bankruptcy estate, was delayed because of unresolved alleged liens on the assets. The Receiver, however, filed a motion during the Reporting Period to seek to sell the asset free and clear of any liens.

To assist the Receiver with the monetization of the assets, she retained Houlihan Lokey Capital, Inc. (“Houlihan Lokey”)³ and Conway MacKenzie Capital Advisors, LLC (“Conway MacKenzie”).⁴ Houlihan Lokey and Conway MacKenzie are each responsible for different assets and there is no overlap in the work performed by each.

Because of Houlihan Lokey’s areas of expertise, it was retained to market and sell specific assets including (i) the ALS life settlements portfolio, (ii) the litigation finance portfolio, (iii) the Abdala Tailings Project, (iv) LC Energy Operations LLP, and (v) Urigen Pharmaceuticals, Inc. The ALS life settlements portfolio was previously sold; the Abdala Tailings Project sale closed during the Reporting Period; and most of the litigation finance portfolio was previously sold and the Receiver is continuing to explore options for the remaining litigation finance assets. Urigen Pharmaceuticals, Inc. has, however, questionable value due to (a) the suspension of its FDA Phase II trials as a result of inconsistent results, and (b) Urigen’s apparent inability to raise financing to re-start the trials. The Receivership Team has periodic calls with Urigen’s management to discuss the status of the business and its finances. At this time, however, Houlihan Lokey is not currently marketing this investment and, unless circumstances change, may not do so. Consequently, Houlihan Lokey’s duties are now limited to the marketing and sale of the LC Energy assets.

³ The Court approved Houlihan Lokey’s retention on November 11, 2017, *nunc pro tunc* to September 11, 2017, and issued a Memorandum Opinion regarding Houlihan Lokey’s retention on November 21, 2017 [Dkt. No. 285] (the “Houlihan Opinion”).

⁴ Conway MacKenzie’s retention was approved by the Court on November 11, 2017, *nunc pro tunc* to October 12, 2017. [Dkt. No. 280].

The Receiver also retained Conway MacKenzie to provide due diligence and assist with the disposition of various remaining assets that were not being marketed by Houlihan. Conway MacKenzie was asked to conduct due diligence and monetize the following assets: (i) Buffalo Lake Advanced Biofuels, LLC, (ii) Desert Hawk Gold Corp. (which was monetized during the prior application period); (iii) Daybreak Oil and Gas, Inc., (iv) American Patriot Gold, (v) Greentown Oil Company, (vi) Arabella Exploration, (vii) NordAq Energy, (viii) Xcell Energy, and (ix) Decision Diagnostics Corp. Conway MacKenzie has completed the due diligence with respect to the assets in its portfolio and has assisted the Receiver in selling the assets or commencing the process to sell the assets. Conway MacKenzie began to wind down its services during the Reporting Period and its work is now effectively complete.

During the current Reporting Period, the Platinum Receivership received approximately \$23.3 million from the sale of certain investments. Certain parties have asserted a claim to all or part of the proceeds of certain of such liquidated investments.

The foregoing amount received during this Reporting Period is in addition to the approximately \$37.2 million received by the Platinum Receivership from the liquidation of other assets since the Receiver was appointed. None of these assets has been marketed or sold in a “fire sale” fashion. As further discussed below, the investments monetized during the Reporting Period and the proceeds received by the Receivership Estate (net of any transaction fees and tax withholdings) were as follows:

- Abdala Tailings Project: \$21.3 million
- Azarga Uranium Corp: \$1.3 million
- Daybreak Oil and Gas, Inc.: \$700,000
- Pro Player Athletes: \$20,000

C. Investigation of Pre-Receivership Activities and Litigation

In addition to the monetization of assets, potential sources of recovery include claims by the Receiver as innocent successor to the Platinum Entities against possible liable parties. Goldin and Otterbourg have assembled a forensics team to seek to review the complicated series of transactions entered into during the years prior to Platinum was placed into receivership and to analyze the flow of funds.

1. The Arbitration

The Receiver previously has reported on a confidential arbitration proceeding against a pre-petition professional that she commenced (*see* The Receiver's Fourth Status Report to the Court, at pp. 7, 34; and The Receiver's Fifth Status Report to the Court, at pp. 8, 36), but had not identified the professional or the nature and status of the proceeding so as to permit presentation of the question of confidentiality of such information to the arbitration panel. The panel has now ruled that the Receiver can disclose the following information:

On April 27, 2018, the Receiver timely commenced a confidential arbitration against an accounting firm and a related firm (collectively, the "Accounting Firms") that provided audit services to certain of the Receivership Entities, claiming that the Accounting Firms committed negligence in conducting audits of the financial statements of certain of the Receivership Entities (the "Audited Platinum Entities") for the fiscal year ended December 31, 2014, and that the Accounting Firms breached their contractual obligations to the Audited Platinum Entities in connection with those audits. The Receiver seeks monetary damages in an amount to be determined by the arbitration panel. The arbitration is before a tribunal of three neutral arbitrators, and is currently in the pre-hearing discovery phase. Under the current schedule, the parties are required to complete their document productions in response to initial document

requests by March 15, 2019, fact discovery will close on June 14, 2019, and any dispositive motions will be fully briefed by August 29, 2019.

2. **The Fraud Action**

In addition to the arbitration proceeding, on December 19, 2018, the Receiver commenced the Fraud Action in the Southern District of New York against the Insurance Defendants. The case is captioned “*Melanie L. Cyganowski, as Equity Receiver for Platinum Partners Credit Opportunities Master Fund LP, et al. v. Beechwood RE Ltd., et al.*” and is now pending as Case 1:18-cv-12018 in the United States District Court for the Southern District of New York. A copy of the complaint filed in the Fraud Action may also be accessed on the Receiver’s website (www.PlatinumReceivership.com).

The Receiver’s complaint seeks redress for the massive fraudulent scheme perpetrated to the detriment of Platinum and its innocent investors by certain of the now indicted and/or convicted insiders of Platinum. Specifically, in the complaint, the Receiver alleges, among other things, that through the creation of what was a thinly disguised independent reinsurance entity, Beechwood, the Platinum insiders, fueled with money knowingly or recklessly contributed by Senior Health Insurance Company of Pennsylvania, Fuzion Analytics, Inc., Bankers Consec Life Insurance Company, Washington National Insurance Company and CNO Financial Group, Inc., were able to prolong and expand a massive fraud that personally enriched the insiders through the generation of tens of millions of dollars in management fees, incentive fees, false profits and other remuneration over the years.

Certain of the Insurance Defendants named in the Receiver’s complaint are alleged to be willing participants in the fraud, turning a blind eye to multiple red flags of fraud that left Platinum gravely damaged in the form of limited liquidity, loss of their most valued assets for

less than reasonably equivalent value and liens against substantially all of their assets for which less than adequate consideration was provided. The summary here is not intended to alter or recast any of the substantial allegations in the complaint.

The Receiver asserts thirteen causes of action, including common law fraud, aiding and abetting of common law fraud, aiding and abetting of breach of fiduciary duty, fraudulent conveyances, federal securities fraud, and violations of the Racketeer Influenced and Corrupt Organizations Act, which collectively seek to remedy the harm inflicted on the Platinum Credit Funds in receivership for the ultimate benefit of their innocent investors and creditors. The Receiver in the complaint seeks judgment against each of the Defendants in the amount of actual damages proven at trial, including all direct or consequential damages, treble damages pursuant to 18 U.S.C. § 1964 (RICO), punitive damages under state law, damages for diminution of value, and restitution, plus all applicable interest, attorneys' fees, costs of suit. In addition, the Receiver seeks to avoid the first-priority liens asserted against Platinum Credit Funds' assets by certain defendants that may otherwise adversely impact potential distributions to investors and creditors of funds.

3. **Additional Review of Potential Claims**

The Receivership Team also has continued the historical review of Platinum's activities and flow of funds. The Receivership Team is in the process of determining whether there are additional causes of action against other parties that may be asserted. The analysis also includes transfers from Platinum and the value of the assets it transferred and consideration given in return. Inquiries like these seek to facilitate the Receiver's assessment both of claims against the Receivership Estate, and of whether the Receivership Estate has actionable claims against any persons or parties who putatively provided professional services to Platinum.

In addition, during the Reporting Period, the Receivership Team analyzed documents produced in response to subpoenas and informal requests, and has had communications with representatives of the non-party custodians regarding their responses. For certain claims in which a statute of limitations may be approaching, the Receiver has reached out to potential targets and has entered into tolling agreements to allow the Receivership Team the appropriate time to investigate potential claims.

D. Administrative Matters

The Receiver and the Receivership Team continued to speak and meet with various interested parties and groups during the Reporting Period, including the joint liquidators for Platinum Partners Value Arbitrage Fund L.P. (together with its feeder funds, “PPVA”),⁵ the SEC and investors. The Receiver also held another “town hall” style meeting with investors and other interested parties via webinar and telephone to provide an update on the actions taken to date and to answer questions. The Receiver will continue to hold these forums going forward. The Receiver regularly updates the Receiver’s website with key documents, answers to frequently asked questions, and status reports to investors. The website now includes links to the Fraud Action docket.

The Receivership Team also responded to other applications made before this Court and in other state court proceedings involving Platinum. Many of the Platinum investments are subject to their own bankruptcy proceedings or are involved in other court proceedings around the country and the world. During the Reporting Period, the Receivership Team continued to monitor such proceedings, either directly or through local counsel, and, when necessary, prepared pleadings and/or made appearances in such proceedings.

⁵ PPVA is the subject of insolvency proceedings pending in the Cayman Islands and a Chapter 15 bankruptcy proceeding in the U.S. Bankruptcy Court for the Southern District of New York.

1. **Website and Investor Communications.** In accordance with Section E.2.1 (Communications with Investors), the estate hired Garden City Group LLC (“GCG”) to create the Receiver’s website (PlatinumReceivership.com). This website provides investors and other interested parties with, among other things, periodic status reports, access to court documents and answers to frequently asked questions. The Receiver also revised and updated the website to update the “Frequently Asked Questions” section of the website and to add “key documents.” The website allows interested parties to sign up to receive daily notices whenever there are new filings on the docket. The Receiver and the Receivership Team also meet in person or by telephone with investors and/or their representatives upon request. The Receiver and the Receivership Team have attempted to respond to investor inquiries and continue to regularly respond and react to such inquiries and requests for information.

The Receiver also organized and held a fifth “Town Hall” style webinar and telephone conference on December 4, 2018 to provide an update to investors and to answer questions submitted by investors. The Receiver has received positive feedback concerning these webinars and will continue to hold them periodically going forward. The videos of the Town Halls are available through the website (www.platinumreceivership.com).

2. **Defendants.** Earlier in the case, the Receiver received several requests from the defendants named in the SEC’s criminal complaint (the “Defendants”) for the advancement of their legal fees as they anticipated that they would be exhausting the D&O insurance. The Defendants have already incurred in excess of \$25 million in legal fees. The Receiver has not made any payments to the Defendants. The Receiver does not believe that the Receivership is legally obligated, or that it is a prudent use of Receivership resources, to make advances to the Defendants at the expense of the investors and creditors that have suffered significant losses.

Accordingly, the Receiver denied the Defendants' requests and opposed their efforts in Court, before Judge Cogan, to compel the Receivership to advance their legal fees. On November 25, 2018, the Court denied the Defendants' Motion to compel the advancement of legal fees. [Dkt. No. 417] The Receivership Team also continues to monitor the criminal proceedings and analyze any impact those proceedings may have on the receivership.

3. **S&W Schafer & Weiner**. During the last Reporting Period, the Court issued its September 25, 2018 Memorandum Decision and Order denying Schafer & Weiner's ("S&W") fee application and reserving judgment on the Receiver's cross-motion seeking disgorgement of the pre-Receivership fees paid to S&W. [Dkt. No. 383] S&W has appealed that decision to the U.S. Court of Appeals for the Second Circuit.

4. **SEC Meetings**. The Receiver also regularly communicates with the SEC staff to keep them apprised of ongoing matters as to which SEC input is appropriate and to alert them to potential retentions and filings by the Receiver. The Receiver and the Receivership Team also have periodic communications with SEC personnel about pending matters before the Court as to which SEC input is appropriate.

5. **PPVA**. The Receiver and the Receivership Team had periodic teleconferences and in-person meetings with the Joint Liquidators for the PPVA Master Fund and the PPVA Feeder Fund and/or their staff to discuss the liquidation or analysis of assets that are jointly held by PPVA and Platinum and their respective investigations and assertion of claims. PPVA has also commenced an action in the Southern District of New York that names several of the same defendants that the Receiver named in the Fraud Action based upon some of the same facts and allegations. Otterbourg also continued to discuss procedures to share with the Joint Liquidators non-privileged documents that are maintained on the Platinum servers controlled by the

Receiver. The Receiver and Joint Liquidators continue to consider the resolution of inter-company claims amongst PPVA and Platinum.

6. **Employees.** Since the Receiver's appointment, the number of employees has been significantly reduced. There is currently only the Chief Financial Officer and the General Counsel. The director of information technology was transitioned to an independent consultancy at a lower cost to the Receivership Estate, while maintaining the same level of service. Following the closing of the Abdala sale, the portfolio manager who had been responsible for the asset left Platinum's employ.

7. **Cayman Funds.** At the end of 2017, three Platinum funds organized under the laws of the Cayman Islands were added to the Receivership Estate. The Receiver has worked with local counsel in the Cayman Islands to appoint new directors and designate a registered office to work with the Cayman regulators to satisfy compliance and to discuss issues specific to Cayman law, including the recent liquidation proceedings commenced by a Beechwood Re affiliate in the Cayman Islands.

8. **Receiver Oversight.** Time during the Reporting Period was also devoted to the general oversight of the Platinum Entities and the Receivership Estate. Conferences with the Receiver and members of the Receivership Team occurred on a daily basis to facilitate the exchange of relevant information and to avoid duplication of effort. The Receivership Team meets with the Receiver bi-monthly to discuss ongoing asset disposition, litigation, claims and other administrative matters. The Receiver maintained direct oversight over all the legal and financially-related work being done by her Receivership Team. Otterbourg attorneys assisted the Receiver, along with assistance from internal management and Goldin, in analyzing budget, cash management and forensic accounting issues.

III. CASH, EXPENSES, AND UNENCUMBERED ASSETS

A schedule summarizing cash receipts and disbursements, as well as cash on hand for the Reporting Period, is set forth in the Schedule of Receipts and Disbursements attached hereto as **Exhibit A**.

As of December 31, 2018, the Receivership Entities had \$35.3 million in unencumbered funds. These funds include proceeds from the liquidation of assets. Certain parties claiming an interest in particular assets sold have asserted claims to a portion of the sale proceeds of the particular assets sold (as opposed to a general claim against the Receivership Estate). Other parties have presented documentation purporting to grant them security interests in all or certain of Platinum's assets. These claims will be addressed in due course.

Cash disbursements during the Reporting Period totaled approximately \$4.6 million. This amount consisted primarily of (i) \$3.7 million in disbursements to retained professionals, as well as limited scope professionals hired by the prior receiver; (ii) \$472,125 in business asset expenses (payroll and related expenses paid to Platinum employees, as well as rent); (iii) \$441,224 in investment expenses, which include funds disbursed to preserve the value of the following assets: LC Energy (\$386,000) and the Abdala Tailings Project (\$55,000).

It is estimated that, as of December 31, 2018, accrued, unpaid administrative expenses amount to approximately \$4.5 million. This amount includes the estimate of fees and expenses that have been incurred by the Receiver, Otterbourg and Goldin during the Reporting Period and will be requested in future applications, holdbacks for prior applications of the Receiver, Otterbourg and Goldin, holdbacks to the Prior Receiver's counsel (Cooley) with respect to its interim fee application, and fees and expenses of other professionals retained by the Receiver or the Prior Receiver. In addition to these unpaid administrative expenses, the Receivership Estate

paid remaining in-house Platinum staff and other operating expenses during the Reporting Period.

Cash receipts during the Reporting Period totaled approximately \$23.3 million. This amount primarily consists of net proceeds derived from dispositions (discussed below) associated with the following investment positions: Abdala Tailings Project (\$21.3 million), Azarga Uranium Corp (\$1.3 million), Daybreak Oil and Gas, Inc. (\$700,000) and Pro Player Athletes (\$20,000).

IV. RECEIVERSHIP PROPERTY

As of December 31, 2018, the primary assets of the Receivership Estate (“Receivership Property”) consisted of the following:

- (i) Cash and cash equivalents of approximately \$35.3 million;
- (ii) Real estate investments without any set book value, due to their inherently speculative nature;
- (iii) Investments in natural resources, remaining litigation financing, energy and other miscellaneous investments; and
- (iv) Potential litigation claims.

A list of Receivership Property – namely each asset of the PPCO and PPLO entities – is attached hereto as **Exhibit B**.

The Receiver cannot ascribe values to the assets that have not yet been monetized. Unfortunately, many of the values ascribed to Platinum assets, whether by the Prior Receiver or Platinum management, were based upon assumptions that derived from prior (now removed) management’s plans, which are now (and likely always were) unrealistic and/or can otherwise no longer be supported. The actual realized value of these investments may differ materially from the valuations determined by Platinum’s prior management and/or the Prior Receiver, and the underlying assets may suffer from significant liabilities that were not accounted for in prior

valuations. Many of the investments made by Platinum were investments in enterprises that are still in the developmental stage, have no established market value (with any future value being highly speculative) and, in some instances, require significant additional capital investment to even have the possibility of realizing a return on such investment. As such, the prior valuations were often based on assumptions that Platinum would invest significant additional capital in the assets with the hope that such investments would pay dividends in the long-term future. As the Court stated in the Houlihan Opinion,

[t]he Receiver is not tasked with making speculative investments. Instead, she is entrusted with the responsibility to prudently wind-down the Receivership Entities and dispose of the Receivership Assets in a manner that safely returns to stakeholders what value can be salvaged. She is not empowered to jeopardize that return by indulging in risky investment opportunities with the very money she has been charged to return to the victims of alleged years' long fraudulent conspiracies.

Houlihan Opinion at 8. Even with such assumptions made by prior management regarding additional investment, the prior valuations may not have been supportable in view of the issues that the Receiver has encountered with respect to many of the assets.

There are certain assets that may ultimately have no realizable value. At this point, the Receivership Team has reviewed each of the assets in the portfolio, with certain assets warranting greater due diligence and marketing efforts. At this stage in the Receivership, disposition options for the remaining assets that are not in the process of being monetized are limited. Based upon the thorough due diligence performed by the Receivership Team, the Receiver's goal is to limit any further investment of professional resources in assets for which there has been a limited or non-existent market. The Receiver is seeking to finalize deals for which offers have been made and are still extant or move such assets into a basket of assets to be marketed as a bulk lot remnant sale. There are a few assets that are still subject to final review and determination. Some of these "bubble" assets had received interest earlier in the case, but

for varying reasons the level of interest never arose to an offer or one that could be consummated. As such, the Receivership Team will make final efforts to generate a bid for the asset and, if such efforts do not bear fruit, the asset will also be included in the bulk lot remnant sale. In addition, the Receivership Team continues to work with other parties to realize upon assets that are subject to bankruptcy or liquidation proceedings.

Certain parties have asserted an interest, including an alleged secured interest, in some or all of the proceeds of the sale of assets. The Receiver is seeking in the Fraud Action to void the blanket liens asserted on the Platinum assets.

The Receiver has focused on a myriad of investments during the Reporting Period. Below is an overview of certain of the investments in which the Receiver and the Receivership Team have dedicated significant time. The below summaries include a brief description of the nature of the investment, work performed, and status during the Reporting Period.

1. **Abdala Tailings Project** – refers to PPCO’s interests (through a subsidiary, West Ventures LLC) in a gold tailings pond located near Cuiababa, Brazil. PPCO owned contract rights to extract gold for a period of ten years from the tailings impoundment. The tailings impoundment is approximately 300 meters wide by 300 meters long and 20 meters deep containing dried slurry (*i.e.*, sand and gravel) that was a byproduct of earlier gold mining operations. This impoundment is adjacent to the former Abdala gold mining operation.

Platinum’s investment in Abdala resulted from loans totaling, according to Platinum’s books, \$12.3 million that it extended to Resource Holdings, Inc. (“RHI”). RHI is a development-stage company that leased equipment and provided working capital to Brazilian gold mines. With the funds advanced from Platinum, RHI, in turn, financed the owner of the Abdala gold mine, Reginaldo Luiz De Almeida Ferreira (a.k.a. “Rico”), whose loans from RHI subsequently

were assigned to Platinum. The loans to RHI and Rico went into default, and, following a settlement with RHI, Platinum began foreclosure proceedings against Rico. In or about November 2015, following years of contentious litigation and negotiations, Platinum and Rico reached an agreement whereby Platinum received ten years of mining rights in and to the Abdala tailings pond in settlement of the loan obligations. The project was in the permitting stages and the intended processing plant was never developed because of Platinum's liquidity issues. Additional details regarding the background of this asset can be found in the motion papers submitted to the Court seeking the approval of the sale. [Dkt. Nos. 357-58, 367-68, 372]

Houlihan Lokey launched the marketing process for this asset at the end of 2017. After eight months (not including pre-marketing preparation time), the efforts undertaken by Houlihan and by Brazilian counsel, Chediak, to resolve local legal impediments, resulted in a robust competitive bidding process and in the Receivership achieving what the Receiver and her professionals believe is Abdala's fair value. The winning bidder for the Abdala assets was an affiliate of Centerbridge Partners, L.P. ("Centerbridge"). The sale motion was approved by the Court on September 11, 2018. [Dkt. No. 380]

Following the approval of the sale, Applicants worked diligently with Goldin, Houlihan Lokey, Chediak, and the buyer's team of professionals to close the sale. The logistics of closing (particularly dealing with issues in Brazil, including tax issues and a decision issued by the Court in Brazil in November 2018) proved to be extremely complicated and took longer than anticipated. The closing of the sale was completed during the Reporting Period, on November 29, 2018. As set forth in further detail in the memorandum of law in support of the sale [Dkt. No. 364], the sale was for \$27.5 million in cash at closing, plus additional and potentially highly valuable consideration based on resource validation results and future mining revenues. The

cash at closing was subject to payment of Houlihan Lokey's fees in the amount of \$1,375,000, as well as Brazilian capital gains tax withholdings. After taking into account these fees, exchange rates and capital gains tax withholdings, the net cash received totaled \$21,298,419. In addition to this cash at closing, the Receivership is entitled to \$3 million in cash royalty advances approximately six months after closing – June 2019 -- if gold content of the tailings impoundment is validated to exceed 9 grams per ton. In addition, the Receivership is entitled to receive a 7.5% royalty on cash revenues after the purchaser achieves a 3.0x multiple of invested capital.

The Asset Purchase Agreement provides the mechanisms to validate the gold content. Centerbridge is required to use commercially reasonable efforts to have an independent resource validation and report carried out with respect to the tailings impoundment in accordance with certain standards, including independently examined and verified geological, engineering and volumetric survey assessments of the tailings impoundment, as well as sample collection and gold assays required to establish a high-confidence estimate of contained gold that meets, what is referred to as the "NI 43-101 standard." This is required to be completed by May 29, 2019 (which is six months from date of closing). If this Resource Validation indicates an average grade of commercially recoverable gold equal to or greater than nine grams per ton, Centerbridge must promptly pay the Receivership \$3 million. This royalty advance will be set off against any future royalty revenues the Receivership is entitled to receive under the Asset Purchase Agreement.

The Receivership is also entitled to future royalties of 7.5% on cash revenues after, and only if, Centerbridge achieves a 3.0x multiple of its invested capital. The Asset Purchase Agreement grants the Receivership audit rights to verify revenue on the gold content. If there are

still unattained royalty interests at the time that the Platinum Receivership is ready to be wound up, the Receiver will explore whether it is in the Receivership's interest to sell such residual royalty rights. This decision will largely be dependent upon the results of the resource validation.

2. **ALS Life Settlements (Lincoln/Rosenberg Litigation)** – refers to a portfolio of life settlement investments owned through an entity in which PPCO is the majority owner and managing member. The previously approved sale of the life settlement portfolio closed during prior reporting periods. However, there was one policy that was not sold because the insurance company – Lincoln Life – improperly lapsed the policy prior to the current Receiver's appointment. The insurance policy has a total death benefit of \$8.5 million (with ALS entitled to \$7.2 million of that total). The insured under the policy (Rosenberg) subsequently passed away, leaving the potential death benefit in dispute. The Receiver commenced an action in the Eastern District of New York and retained contingency counsel. A back-end beneficiary under the policy who the Receiver named as a nominal defendant because it was a necessary party to the litigation, has since filed counterclaims against the Receiver, seeking a ruling that it is entitled to 100% of the death benefit should the Court determine that the alleged lapse was improper. The Receivership Team is working with contingency counsel and is fighting these counterclaims, which the Receiver believes are without merit, as well as continuing to pursue the primary claims against the insurer.

3. **American Patriot Gold** – refers to Platinum's ownership interest, through Maximilian Resources LLC ("Maximilian"), to approximately 370 acres of land fee simple, in addition to patented mining claims in Montezuma County, Colorado. American Patriot Gold ran the Red Arrow Mine on the property until its mining permit was revoked in March 2014 as a

result of non-payment of restitution for environmental and operational violations. Conway MacKenzie was asked to review this asset and provide the Receiver with disposition options.

Based upon Conway MacKenzie's due diligence, obtaining permits and selling the asset as a working gold mine was determined not to be an economical option due to the significant cost and timeframes involved. Accordingly, on August 22, 2018, the Receiver filed a motion to retain a local broker, Wells Group of Durango, Inc., to market and show the property to potential purchasers. [Dkt. No. 376] At a status conference before the Court on October 1, 2018, the Court authorized the Receiver to retain the broker. The broker has been actively marketing the property. Two preliminary offers were received, one of which has been withdrawn. The Receivership Team, through the broker, is in the process of negotiating a sale contract. Once the sale contract has been finalized, a public auction will be held in accordance with applicable statutes and procedures. The sale is expected to close during the current calendar quarter.

4. **Arabella** – refers to three entities each containing Arabella in their names. In 2014, Platinum (PPCO) made a \$16 million loan to Arabella Exploration, Inc. ("AEI") pursuant to a \$45 million dollar facility (the "Loan"). The Loan was secured by all of AEI's assets, and was guaranteed and secured by the assets of AEI's subsidiaries, Arabella Exploration, LLC ("AEX") and Arabella Operating, LLC ("AO") and, together with AEX and AEI, "Arabella"). Arabella has working interests in certain leased oil and gas properties in the Permian and Delaware Basins in Texas. AEX and AO are debtors in bankruptcy proceedings in the U.S. Bankruptcy Court for the Northern District of Texas and a liquidation proceeding in the Cayman Islands (which has been recognized in a Chapter 15 case pending in the Northern District of Texas). Platinum filed claims in Arabella's bankruptcy proceedings in an amount of \$20,061,589.

Pre-Receivership, a related Arabella entity in which Platinum does not have an interest – Arabella Petroleum Corporation (“APC”) – commenced an action against the Arabella Entities asserting claims for the recovery of certain assets that are the subject of PPCO’s liens. APC is also a debtor in a bankruptcy proceeding pending in the Western District of Texas. The Prior Receiver entered into a settlement agreement with the Trustee of APC, settling the claims and agreeing to the interests of each estate in the combined assets that are to be sold in the respective bankruptcy cases. The Arabella Settlement Agreement was approved by this Court. Pursuant to the settlement with APC, APC is entitled to 35% of the net proceeds, as defined, of the sale of Arabella’s working interests in the leased oil and gas properties.

Last year, Arabella entered into a settlement with Founders Oil & Gas III, LLC and Founders Oil & Gas Operating, LLC (collectively “Founders”) to resolve all issues regarding revenues and expenses, as well as future operatorship with respect to the wells and inclusion of the operatorship in the sale process for Arabella’s assets. This settlement enabled Arabella’s sale process to move forward, which had been stagnant for several months pending the outcome of the litigation with Founders.

Following the settlement with Founders, Arabella conducted the sale process for its working interests, together with those of a majority of the other working interests and operatorship. The sale process resulted in multiple bids for different combinations of the various working interests. Arabella’s CRO reviewed the bids in consultation with Platinum and the APC Trustee and two bids were selected (one for a single well and the other for the remaining assets). The initial winning bidder for the sale of the bulk of the assets reneged on the terms of its initial bid and AEX ultimately completed a sale with the next highest bidder, which bid was 40% less than that of the initial winning bid. Unfortunately, although the sale of the wells was subject to a

robust marketing process and several bids were received, the high bid was significantly less than what Arabella and Platinum expected. This in part could be attributable to the volatility and decline in oil prices and the fragmented nature of the wells making up Arabella's asset portfolio. The sale of the assets was approved by the Texas Bankruptcy Court during the Reporting Period.

During the Reporting Period, Arabella and Platinum also jointly propounded a proposed plan of reorganization, which was confirmed by the Texas Bankruptcy Court at a hearing held on November 20, 2018. In addition, Arabella has been addressing purported liens through adversary proceedings which are currently before its Texas Bankruptcy Court and a claim by one of the non-working interest holders that Arabella contends was released as part of the settlement with Founders. From the sale proceeds, payments will be made to the APC Trustee and Founders, in accordance with their respective settlements, the broker, the taxing authorities, priority and administrative claimants and Arabella's retained professionals upon approval of their fees.

In addition, the counterparty to a purported Participation Agreement entered into with the Prior Receiver is asserting a claim to Platinum's recovery. Under the terms of the Participation Agreement, in exchange for \$500,000, the participant was purportedly granted a 45% participation in the Arabella Loan after repayment of the \$500,000 purchase price to the participant, plus interest, and after payment of professional fees. This Participation Agreement was never approved by this Court. On top of this claim, certain professionals retained by Prior Management are seeking reimbursement for professional fees incurred in connection with Arabella based upon a purported guaranty entered into with Prior Management. The Receivership Team has been in communication with both the participant and the professionals regarding their asserted claims.

The Arabella asset has proven to be one of the more difficult disposition assets in the portfolio. The Receiver does not own the underlying asset, but is a secured creditor in a bankruptcy proceeding pending in Texas. A Chief Restructuring Officer was put in place Pre- Receivership to run the estate. A multitude of parties have claims, or have asserted claims, to Arabella's assets. Arabella is a party to certain settlement agreements which were entered into to resolve ongoing litigation and enable Arabella to sell its assets, which entitle the counterparties to the agreements to share in the proceeds of the sale of its oil interests. In addition, administrative creditors, including the professionals retained in the Texas bankruptcy case, are entitled to distributions under the plan that was confirmed during the Reporting Period, and several parties claiming to have materialman's (oil) liens superior to those of Platinum are asserting claims against the sale proceeds. The Receivership Team continues to work through these issues and explore what actions it can take to try to improve recovery, but the amount of recovery at this time is uncertain.

5. **Azarga Uranium Corp.** – refers to a publicly traded uranium mining company headquartered in Denver. Azarga merged with another similar company in July 2018, effectively doubling its size. Prior to the merger, Azarga's stock was highly illiquid. PPCO owned approximately 18 million shares of Azarga stock. PPVA also owned Azarga shares.

Subsequent to the merger, as a result of both a recovery in the price of uranium and Azarga's increased size, there was renewed interest in Azarga's stock. During the third quarter of 2018, PPCO and PPVA engaged a brokerage firm in Vancouver, BC that specializes in junior mining stocks and during the Reporting Period, on October 17, 2018, PPCO's Azarga shares were sold for approximately \$1.3 million.

6. **Bahamas Properties** – refers to three undeveloped lots in the Old Bahama Bay development on Grand Bahama Island. PPCO owns a 15% interest in the net proceeds from the sale of these lots under an agreement with the owner of the lots. PPCO also the right to recover certain advances it made to cover taxes and Home Owner Association fees. The Receivership Team is still in discussions regarding options for selling the property or its interests in the property.

7. **China Horizon/Yellow River** – refers to PPCO’s 45% interest in PGS⁶, which owns equity and debt interests in two companies -- China Horizon and Yellow River—created to build a chain of franchised convenience stores in rural China. The promissory note from China Horizon held by PGS has a face value of approximately \$9.0 million and PGS holds approximately 6.5 million shares of stock in Yellow River. China Horizon was originally a joint venture with another company, China Post. China Post subsequently pulled out of the joint venture and China Horizon transferred its intellectual property to Yellow River. Yellow River, in turn, distributed its equity to the debt and equity holders of China Horizon. Subsequent to the transfer, China Horizon received approximately \$15 million from China Post as proceeds of the settlement of a dispute between them. PPVA also directly holds debt and equity in China Horizon and Yellow River. The promissory notes from China Horizon are not yet due.

During mid-2018, the Receiver and the PPVA received an expression of interest from Yellow River’s largest investor to purchase PGS’s and PPVA’s collective interests in the China Horizon notes and the Yellow River equity position. An agreement in principle was reached; however, negotiations to document that agreement revealed certain issues that derailed the transaction. The Receiver has learned that the new majority owner is starting a process to raise

⁶ PPVA claims a 55% ownership interest in PGS.

capital and may be interested in having PPCO participate in the process so that it can sell its shares. If a transaction cannot be agreed to and completed, this asset may also end up being included in a bulk lot remnant sale.

8. **Cleveland Mining** – to Cleveland Mining Company Limited (“Cleveland Mining”), a publicly listed company located in Australia, and its subsidiary Cleveland Iron Holdings Pty Ltd (“Iron Holdings”). PPCO and Platinum Long Term Growth VII LLC are owed approximately \$15.6 million, which is secured by a first priority security interest in all of Cleveland Mining’s and Iron Holdings assets. PPCO also holds approximately 29.3 million shares of Cleveland Mining and approximately 50% of the equity of Iron Holdings. Cleveland Mining has a 50% joint venture interest in a gold mine located in Brazil, which is currently not operating and is the subject of litigation in Brazil.

Cleveland Mining was placed into a liquidation proceeding in Australia and Platinum has filed a proof of debt form to register its claim and has been working with the Australian liquidator and the Receiver’s local counsel regarding a sale of the publicly listed corporate shell and an allocation of the proceeds between the liquidator and PPCO. The liquidators previously had a purchaser for the shell company, but the buyer was unable to close the transaction and lost its deposit. The liquidators are in discussions with other potential buyers, who have submitted various proposals.

9. **Cokal Limited** (ASX: “CKA”) – is a coal mining company headquartered in Sydney, NSW. CKA’s active mining project is on the island of Borneo in the Bumi Barito Mineral (“BBM”) of Indonesia. Over the past year or so, the BBM mine has been developed and CKA has received commitments from several investors to support continued development of the mine.

PPCO originally held common stock, warrants, and a Note in CKA (PPVA also owned common stock, warrants, and a Note). As a result of a Debt Restructuring Transaction agreed to by the prior management, the Note was restructured into new options and a royalty from revenues of the BBM mine upon CKA meeting certain conditions. A number of those conditions were met and one third of the Note was converted into warrants. The remaining two thirds will be converted into the royalty upon CKA meeting the remaining conditions.

PPCO and PPVA have been in negotiations with one of CKA's current shareholders over the past several months to sell the combined common stock and options. The price has been agreed upon with the buyer and the Receiver is awaiting settlement details to complete the transaction. The Receiver is also exploring entering into a sale with the same buyer for the remaining royalty once the common stock and option transaction is completed.

10. **Daybreak** - refers to a publicly held oil and gas company with assets in the Kern County, California and in Montcalm County, Michigan. PPCO owned 99% of the membership interests and is the managing member of Maximilian, which is owed approximately \$9.2 million,⁷ plus accrued interest, from Daybreak on account of a senior loan, secured by Daybreak's interest in two joint ventures via a senior secured real property mortgage. Maximilian also holds a percentage of working interests in the Michigan operation. This asset was sold during the Reporting Period.

Conway MacKenzie conducted a sale process which resulted in several parties submitting bids that were qualified in various ways and were not workable or "real" offers. The Receivership, through Conway MacKenzie, maintained a dialogue with the CEO of the

⁷ In California, Platinum's position in Daybreak included a promissory note in favor of Maximilian with a face value of approximately \$9.1 million and in Michigan, Maximilian holds a promissory note with a face value of approximately \$100,000.

company, who came forward with an offer from an investor group that, after negotiation, was deemed the best alternative for sale of the asset. During the Reporting Period, the Receivership Team completed the negotiations with the CEO and closed the sale of Platinum's position to the CEO for \$700,000.

11. **Greentown Oil Company** – refers to an investment in a company holding certain oil and gas assets located in the Paradox Basin in the state of Utah. Through Maximilian, PPCO holds a debt and equity interest in the company.

As previously reported, Maximilian asserted a right to certain insurance proceeds received by a Greentown related entity – Pacific Energy & Mining, Company (“Pacific”) – that Maximilian believes were assigned to it. In June 2017, while the Receivership case was pending, Pacific commenced a declaratory judgment action in the U.S. District Court for the District of Nevada (Pacific Energy & Mining Company v. Maximilian Resources LLC, Case No. 17-cv-00363 (HDM) (VPC)), seeking a declaration that Pacific does not owe any money to Maximilian. During the Reporting Period, the Receiver continued to engage in negotiations to resolve the litigation and other claims. If an agreement is reached, it will be reported in the next report.

12. **LC Energy** – refers to LC Energy Holdings, LLC, the owner of the Goldstar Coal Mine in Green County, Indiana, which is wholly owned by PPCO. PPCO acquired its ownership interest in the mine in March 2014 in the bankruptcy case of In re Lily Group, Inc., Case No. 13-81073 (Bankr. S.D. Ind.). The mine is currently idled.

LC Energy is another asset in which the Receivership Team has dedicated significant time and attention. With the closing of the Abdala sale, it is the only remaining asset for which

Platinum continues to make significant payments in the form of lease payments and security to maintain the asset.

Unlike the usual circumstance in which assets are sold from a bankruptcy estate free and clear of all liens, here, the bankruptcy court order did not provide for the sale of the assets to LC Energy free and clear of liens. As a result, there are potentially multiple liens and a claim by the committee of unsecured creditors in the Lily Group bankruptcy case against the LC Energy assets. These unresolved claims make a sale of the mine very difficult and would depress the price received. The Receivership Team, with the assistance of local counsel, tried for many months to both locate and negotiate with many of the parties who claim to be lienholders in LC Energy. The Receiver was unsuccessful in locating all interested parties. As such, the Receiver filed a motion on December 6, 2018 [Dkt. No. 422] in the Receivership Court that seeks entry of an order (i) authorizing the Receiver to sell the Receivership's rights in and to LC Energy free and clear of all liens, and (ii) approves certain bidding and claims procedures in connection with the proposed sale. The proposed order provides that, once the Receiver selects a successful bidder and serves notice on all interested parties of the material provisions of the proposed sale the interested parties will have an opportunity to object to the sale in accordance with the proposed procedures. Three parties filed objections to the procedures which were later resolved, and as a result, a revised proposed order was presented to the Court and entered on January 16, 2019. [Dkt. No. 444].

With the Court's approval, Houlihan Lokey has begun to market LC Energy. The Receiver cannot predict LC Energy's sale price at this time given the unique nature of this asset, but the procedures the Receiver proposed through the motion are designed to make certain that any sale will be for the highest or otherwise best price.

13. **NJ Ethanol LLC** – refers to a company that built a small-scale plant in New Jersey to convert food waste into food- and pharmaceutical-grade ethanol. The business failed and the plant was closed. PPCO owns Class B preferred and common stock. These shares have limited marketability outside of a sale back to the company. Accordingly, the Receivership Team discussed with the company’s principal purchasing PPCO’s stock. The Receiver previously accepted the principal’s offer to purchase PPCO’s stock for \$75,000 and began to document the transaction, but the principal has since gone “radio silent.” Unless the principal resurfaces, this asset may be included in the bulk lot remnant sale.

14. **NordAq Energy** – refers to a privately held oil and gas company that holds a 17.5% working interest in oil and gas development on 20,491 gross acres located offshore from Alaska in the Beaufort Sea in an area called Smith Bay. NordAq is the Operator on two of the wells, both non-producing and non-revenue generating. PPCO owns shares and potentially warrants in NordAq through RJ Funding LLC. The shares held by PPCO represent approximately 2% of the total shares issued. Monetization of this investment is challenging as it is illiquid private equity in a financially challenged pre-revenue company with significant debt. The company’s largest asset is tax credits. This asset created a further challenge because of the limited information in Platinum’s files regarding NordAq’s capital structure, rights, obligations and claims of other investors. As a result, Conway MacKenzie had to rely solely upon limited information from the company’s CFO.

During the Reporting Period, the Receivership Team and Conway MacKenzie continued to explore interest in the purchase of the stocks and warrants, including whether management would be interested in purchasing PPCO’s interests, but this outreach did not generate any

response. These assets may be included in a bulk remnant asset sale if no further interest is generated.

15. **Pro Player Athletes** –refers to a PPCO-related entity that typically extended loans to professional athletes. Because a portfolio of these loans had not been repaid in full, Pro Player wrote them off as losses prior to the commencement of the receivership. Nevertheless, the Receiver was able to monetize the loan portfolio by selling certain loans to Hilco IP Services, LLC d/b/a Hilco Streambank for \$20,000.00 plus 25% of any net proceeds recovered by Hilco over \$100,000.00. Given that the collectability on these loans was highly uncertain, thus leading prior management to conclude to write-off these loans, the sale is in the best interests of the estate because it provides some return to Platinum and mitigates the expense and uncertainty of pursuing collection directly. It also provides some measure of upside should the purchaser's collection efforts prove successful.

V. LIQUIDATED AND UNLIQUIDATED CLAIMS HELD BY THE ESTATE/INVESTIGATION OF TRANSACTIONS

Other than the two actions relating to specific assets -- Greentown Oil Company and Lincoln National Insurance (described above) -- the Receiver's investigation of pre-petition activities has so far resulted in the commencement of two litigations: (i) a confidential arbitration proceeding commenced on April 27, 2018 and (ii) the Fraud Action against the Insurance Defendants commenced on December 19, 2018. Both of these actions are in their early stages and the Receiver cannot predict the outcome of these litigations or the timing of collecting on any judgment or settlement that may ultimately be obtained.

The Receivership Team continues to analyze other pre-Receivership activities, including transfers made by PPCO and PPLO to other entities and the professional services provided by, among others, valuation agents, fund administrators, auditors, and legal advisors, to determine if

any additional causes of action exist that warrant the commencement of litigation. The Receiver continues to issue subpoenas to and engage in informal exchange of documents. For any claims in which a statute of limitations may be approaching, the Receiver has, and will continue to reach out to the potential target to enter into tolling agreements to allow the receivership team the appropriate time to investigate potential claims and, if necessary, commence action(s) against those parties who have declined to toll the statute of limitations.

VI. LIABILITIES OF THE RECEIVERSHIP ESTATE

Pursuant to Paragraph 47 of the Receiver Order, below, please find a description of the Receivership Estate's potential liabilities as of December 31, 2018. Certain liabilities described herein, particularly those pertaining to creditor claims, are uncertain, and will remain as such until the Receivership Team concludes its claims analysis and forensic investigative processes.

A. Creditors. The creditor-related information presented below is based on prior management's books and records, which are as of December 19, 2016, the date Platinum entered receivership. The Receivership Team will test the veracity of these numbers as part of its ongoing forensic investigative and upcoming claims analysis processes. The validity and amount of claims may differ materially from the values reported by prior management.

- PPCO Lenders: PPCO owed \$65.9 million to three (3) lenders.
- PPCO Unpaid Redemptions: PPCO owed \$28.2 million to 21 PPCO unpaid redeemers.
- PPLO Unpaid Redemptions: PPLO owed \$6.5 million to three (3) PPLO unpaid redeemers.
- PPCO and PPLO Outstanding Payables: PPCO and PPLO had \$2.7 million of outstanding payables attributable to 23 vendors.

B. Accrued Administrative Expenses. As of December 31, 2018, accrued, unpaid administrative expenses amount to approximately \$4.5 million. These administrative expenses primarily consist of accrued and unpaid professional fees. In addition to these unpaid administrative expenses, the Receivership Estate has budgeted approximately \$130,000 per month to pay the remaining in-house Platinum staff and to cover other operating expenses. The Receiver is continually looking to reduce these and other expenses.

C. Disbursements to Preserve the Value of Certain Investments. The Receiver expects to incur expenses amounting to at least \$110,000 per month to preserve the value of the LC Energy investments, pending the conclusion of the associated sales processes. The Receiver expended \$386,000 with respect to the LC Energy asset during the Reporting Period.

D. Investors. The Receiver currently believes that there are 286 known investors. The aggregate net cash invested by investors in the Platinum Entities is approximately \$310,000,000. After conferring with the SEC, at this time, to protect the privacy of the investors, the Receiver is not filing with this Fourth Status Report a list of the names of each investor and the amount of such investor's net cash investment. The actual amount and value of the investors' claims is ultimately dependent upon the net recovery obtained on Receivership Property. The amount of "net cash invested" may be materially different than the amount ultimately received by the investor.

VII. CLAIMS ANALYSIS

Resolution of the blanket secured liens asserted on the Platinum assets, which is addressed in the Fraud Action, must occur before any distributions can be made to unsecured and investor claims. Nonetheless, the Receiver is proceeding on parallel paths by commencing the claims review process. Establishing a claims bar date is a necessary step in the plan of distribution promulgation process. To develop a successful plan, the Receiver must identify the

nature and scope of the potential claims against, and liabilities of, the Receivership Entities. On December 10, 2018, the Receiver filed a Motion for Entry of an Order (I) Establishing Claims Bar dates and (II) Approving (A) a Proof of Claim Form, (B) the Form and Manner of Notice to the Claims Bar Dates and (C) Procedures For Submitting Proofs of Claim by Receiver (the “Bar Date Motion”). [Dkt. No. 424] The Bar Date Motion is pending before the Receivership Court.

The Receiver has copies of all of the claims that were submitted to the Prior Receiver and no creditor who filed a claim with the Prior Receiver is required to file another one. The proposed proof of claim form does, however, seek additional information and the Receiver does encourage creditors to file the proposed form (even if a form was filed with the Prior Receiver) so that the Receiver has the additional information. The following is a summary of the procedures that the Receiver is seeking to be approved in the Bar Date Motion:

(a) The Bar Date Motion requests that the Receivership Court set a deadline by which all claims of creditors arising before the Receivership must be filed. This date will likely be approximately 45 days from the date that the Court approves the Bar Date Motion.

(b) The Bar Date Motion only applies to creditors and not to investors or to investors who sought redemptions of their investment prior to the commencement of the Receivership but did not receive payment therefor. Investors and redeemers are not required to file claims as the Receivership Entities’ books and records reflect the amounts invested by investors and so, no additional information is needed from investors or from redeemers at this time.

(c) Under the proposed order, a creditor includes any person or entity holding a claim based on the provision of goods or services to any Receivership Entity that has not been paid in whole; money loaned to any Receivership Entity that has not been paid in whole; unpaid wages, compensation, or other employment benefits; tax liabilities, including those held by federal and

state governments; primary, secondary, direct, indirect, secured, unsecured, or contingent liability; or contract, tort, indemnity, reimbursement, subrogation theories, or other legal or equitable theory.

(d) In addition, any creditors holding claims based on the provision of goods or services to the Receivership Entities or the Receiver after the Receivership commenced, will not be subject to the bar date order.

(e) Among other information, creditors are asked to identify against which of the Platinum Receivership Entities they believe they have a claim.

(f) Within 5 days of entry of a bar date order, the Receiver will mail notice to all known creditors advising them of the claims bar date. The Receiver will also be publishing a notice of the claims bar date within 14 calendar days of approval of the Bar Date Motion. In addition, the notice and proof of claim form will be posted to the Receiver's website.

The Receiver cannot at this time state what distributions will ultimately be or even the pot that will ultimately be available for distribution. The Receiver now has a better sense of the total sum of money that the receivership will likely receive from the liquidation of hard physical assets, but there could be additional proceeds down the line from residual interests in asset and possible litigation recoveries. More importantly, the Receiver needs to determine the scope of claims of creditors and investors and who is entitled to a distribution. Addressing the asserted secured blanket liens on the assets is also fundamental to formulating a distribution plan. Also, in addition to determining how to treat different claims (*e.g.*, unsecured creditor claims, unpaid redemption claims, insider claims, investor claims), the Receiver will need to determine if the various Platinum entities will be fully or partially consolidated for claim and distribution

purposes or if each will be treated separately. There may also be issues of Cayman law regarding the three Cayman funds that may be implicated.

VIII. RECOMMENDATIONS FOR CONTINUATION OR DISCONTINUATION OF RECEIVERSHIP

The Receiver believes that continuation of the receivership is in the best interests of the creditors and investors of the Platinum Entities. While the Platinum Entities could be liquidated in a bankruptcy proceeding, for the reasons stated in the Receiver's previous Status Reports, the Receiver continues to believe that continuing with the orderly liquidation of the Platinum Entities in this receivership case provides greater flexibility to achieve an equitable result for the investors who have been wronged here. To start over at this advance point in the Receivership case would be extremely time consuming and expensive.

IX. CONCLUSION

The Receiver cannot at this time state when she expects the case to be concluded. The focus is shifting from the liquidation of assets to assertion of claims, resolution of purported blanket secured liens, and the claims review and reconciliation process.

Dated: January 18, 2019

Otterbourg P.C.

By: /s/ Adam C. Silverstein

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On Behalf of Melanie L. Cyganowski, as Receiver

EXHIBIT A

PLATINUM PARTNERS CREDIT OPPORTUNITIES MASTER FUND LP AND AFFILIATED ENTITIES**Schedule of Receipts and Disbursements**

	Period from 10/1/2018 to 12/31/2018			Cumulative Total from 7/7/2017 to 12/31/2018		
	PPCO	PPLO	Total	PPCO	PPLO	Total
Cash (Beginning of Period)	\$ 14,779,490	\$ 1,808,926	\$ 16,588,416	\$ 7,788,872	\$ 1,617,492	\$ 9,406,363
Receipts						
Business Income	-	-	-	-	-	-
Cash and Securities	-	-	-	-	-	-
Interest/Dividend Income	-	-	-	-	2,321	2,321
Business Asset Liquidation	23,358,564	-	23,358,564	60,350,029	187,144	60,537,172
Personal Asset Liquidation	-	-	-	-	-	-
Third-Party Litigation Income	-	-	-	-	-	-
Miscellaneous - Other	28,761	148	28,910	538,508	3,294	541,802
Total Receipts	\$ 23,387,326	\$ 148	\$ 23,387,474	\$ 60,888,537	\$ 192,759	\$ 61,081,296
Disbursements						
Disbursements to Investors/Claimants	-	-	-	-	-	-
Disbursements for Receivership Operations	-	-	-	-	-	-
Disbursements to Receiver or Other Professionals	(3,737,444)	-	(3,737,444)	(13,054,589)	-	(13,054,589)
Business Asset Expenses	(472,125)	-	(472,125)	(3,349,793)	(396)	(3,350,189)
Personal Asset Expenses	-	-	-	-	-	-
Investment Expenses	(441,224)	-	(441,224)	(18,660,679)	-	(18,660,679)
Third-Party Litigation Expenses	-	-	-	-	-	-
Tax Administrator Fees and Bonds	(6,023)	(10,248)	(16,271)	(102,347)	(11,028)	(113,375)
Federal and State Tax Payments	-	-	-	-	-	-
Disbursements for Distribution Expenses Paid by the Fund	-	-	-	-	-	-
Disbursements to Court/Other	-	-	-	-	-	-
Total Disbursements	\$ (4,656,817)	\$ (10,248)	\$ (4,667,064)	\$ (35,167,409)	\$ (11,424)	\$ (35,178,833)
Cash (End of Period)	\$ 33,509,999	\$ 1,798,827	\$ 35,308,826	\$ 33,509,999	\$ 1,798,827	\$ 35,308,826

EXHIBIT B

PLATINUM PARTNERS CREDIT OPPORTUNITIES MASTER FUND LP AND AFFILIATED ENTITIES

STANDARDIZED FUND ACCOUNTING REPORT

Reporting Period from 10/1/2018 to 12/31/2018

FUND ACCOUNTING (See Instructions)		Period from 10/1/2018 to 12/31/2018		
		PPCO	PPLO	Total
Line 1	Beginning Balance (As of 10/1/2018)	\$ 14,779,490	\$ 1,808,926	\$ 16,588,416
	<i>Increases in Fund Balance:</i>			
Line 2	Business Income	-	-	-
Line 3	Cash and Securities	-	-	-
Line 4	Interest/Dividend Income	-	-	-
Line 5	Business Asset Liquidation ¹	23,358,564	-	23,358,564
Line 6	Personal Asset Liquidation	-	-	-
Line 7	Third-Party Litigation Income	-	-	-
Line 8	Miscellaneous - Other	28,761	148	28,910
	Total Funds Available (Lines 1-8)	\$ 38,166,816	\$ 1,809,074	\$ 39,975,890
	<i>Decreases in Fund Balance:</i>			
Line 9	Disbursements to Investors/Claimants	-	-	-
Line 10	Disbursements for Receivership Operations	-	-	-
Line 10a	Disbursements to Receiver or Other Professionals	(3,737,444)	-	(3,737,444)
Line 10b	Business Asset Expenses	(472,125)	-	(472,125)
Line 10c	Personal Asset Expenses	-	-	-
Line 10d	Investment Expenses ²	(441,224)	-	(441,224)
Line 10e	Third-Party Litigation Expenses	-	-	-
	1. Attorney Fees	-	-	-
	2. Litigation Expenses	-	-	-
	Total Third-Party Litigation Expenses	-	-	-
Line 10f	Tax Administrator Fees and Bonds	-	-	-
Line 10g	Federal and State Tax Payments	(6,023)	(10,248)	(16,271)
	Total Disbursements for Receivership Operations	\$ (4,656,817)	\$ (10,248)	\$ (4,667,064)
Line 11	Disbursements for Distribution Expenses Paid by the Fund	-	-	-
Line 12	Disbursements to Court/Other	-	-	-
	Total Funds Disbursed	\$ (4,656,817)	\$ (10,248)	\$ (4,667,064)
Line 13	Ending Balance (As of 12/31/2018)	\$ 33,509,999	\$ 1,798,827	\$ 35,308,826

(1) This amount consists primarily of proceeds derived from dispositions and collections associated with the following investment positions: Abdala Gold (\$21.3 million), Azarga Uranium Corp (\$1.3 million), Daybreak Oil and Gas, Inc. (\$700,000) and Pro Player Athletes (\$20,000).

(2) This amount consists primarily of \$441,000 disbursed to preserve the value of the following investments: LC Energy (\$386,000) and Abdala Gold (\$55,000).