

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

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SECURITIES AND EXCHANGE COMMISSION, :

Plaintiff, :

-v- :

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

Defendants. :

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No. 16-CV-6848 (BMC)

THE RECEIVER’S ELEVENTH 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 Eleventh Status Report, covering the period from January 1, 2020 through and including March 31, 2020 (the “Reporting Period”).

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

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

As a preliminary matter, the Receiver is able to report that the operations of the receivership and the work of the Receivership Team have, thus far, not been impacted by Covid-19 and recent stay at home orders. The Receiver and the Receivership Team continue to operate as usual, albeit remotely, and continue to interface through conference calls and e-mails. Likewise, the litigations in which the Receiver is involved have thus far not been impacted and have continued to progress, even if appearances and oral arguments are done telephonically.

During the Reporting Period, the primary focus of the Receiver and her team² dealt with (i) the litigation commenced by the Receiver in the United States District Court for the Southern District of New York against various defendants seeking to avoid certain liens that would adversely impact potential distributions to investors and creditors as well as to recover damages for claims arising from a fraudulent scheme perpetrated to the detriment of Platinum (the “Beechwood Action”); and (ii) the confidential arbitration proceeding commenced against certain Accounting Firms (the “Arbitration”). The Receiver is pleased to report that during the Reporting Period or in the intervening time prior to the submission of this Status Report, settlements were reached with respect to significant lien avoidance claims within the Beechwood Action (which is subject to final documentation) and the entire Arbitration. In addition, 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”).

settlement was reached resolving the litigation that the Receiver commenced to recover death benefits from a policy that was part of the ALS Life Settlement Portfolio.

Certain of the settlements that the Receiver reached, and is in the process of negotiating or expects to negotiate, are confidential. In order to preserve the confidentiality of these settlements, in this Status Report and in future Status Reports, the Receiver will not disclose details of *any* settlements, including the identity of the settling parties, the amounts agreed to be paid by such parties, whether such amounts are to be paid in structured payouts or over what period of time, and/or the source of any litigation-related funds received in any reporting period, unless such details are matters of public record by virtue of a motion for Court approval of such settlement or otherwise.

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 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, and determine whether one or more of the Receivership Entities should undertake bankruptcy filings.

B. Analysis and Disposition of Receivership Assets

As the primary litigations in which the Receiver is involved have been, or are soon to be, completely or substantially resolved, the Receiver has sought to complete the monetization of remaining assets for which there has been interest during the case and/or were tied up in litigation. As described more fully below, the Receiver entered into an agreement for the sale of PPCO's royalty interest in Cokal and anticipates that the closing will occur and the sale proceeds will be received by PPCO at the end of the current calendar quarter (Q2 2020). The Receiver also anticipates that the disposition of certain assets that remain in the PPCO portfolio, including (i) debt and equity in Cleveland Mining Ltd. and Cleveland Mining Holdings, Australian entities owning gold mining and pig iron exploration ventures in Brazil, and (ii) the sale of PPCO's interest in China Horizon, will soon be coming to a conclusion. The Receiver's goal is to complete the monetization of any remaining assets by the third quarter of this year. If necessary, the Receiver will seek to sell the remaining assets in the PPCO portfolio determined to have relatively insignificant value via a remnant sale. The Receiver continues to make progress on the disposition of the illiquid PPLO securities that remain to be liquidated.

During the current Reporting Period, the Platinum Receivership received approximately \$5.4 million. This amount is in addition to the approximately \$66.2 million received by the Platinum Receivership from the liquidation of various assets from the date of appointment of the Receiver. Certain parties have asserted a claim to all or part of the proceeds of such liquidated investments. None of these assets has been marketed or sold in a "fire sale" fashion.

C. Investigation of Pre-Receivership Activities and Litigation

The bulk of the Receiver's efforts during the Reporting Period related to the ongoing Beechwood Action and Arbitration. The Receiver also was involved in resolving and/or negotiating other settlements, the details of which, other than those that are matters of public record, will not be disclosed in order to preserve the confidentiality of the Receiver's confidential settlements (as discussed above).

1. The Beechwood Action

On December 19, 2018, the Receiver commenced the Beechwood Action in the Southern District of New York against (i) certain so-called Beechwood entities, (ii) Senior Health Insurance Company of Pennsylvania, (iii) Fuzion Analytics, Inc., (iv) CNO Financial Group, Inc., (v) Bankers Conesco Life Insurance Company, (vi) Washington National Insurance Company and (vii) 40|86 Advisors, Inc. 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 pending as Case 1:18-cv-12018 in the United States District Court for the Southern District of New York. The Receiver exercised her right under the applicable rules and orders of the Court to amend the original filed complaint, and on March 29, 2019, the Receiver filed an amended complaint. A copy of the redacted amended complaint filed in the Beechwood Action may be accessed on the Receiver's website (www.PlatinumReceivership.com), and summaries of developments in the Beechwood Action may be found in the Receiver's prior Status Reports.

Each of the defendants in the Beechwood Action filed motions to dismiss the Amended Complaint. The hearing on the motions to dismiss took place on August 15, 2019. On October 7, 2019, Judge Rakoff issued an Opinion and Order, which, while dismissing many of the

Receiver's causes of action for monetary damages, sustained her causes of action to set aside the liens currently preventing a distribution of estate assets, as well as the Receiver's causes of action for aiding and abetting breach of fiduciary duty, and unjust enrichment against certain of the defendants. During the Reporting Period, the Receiver filed a motion for partial summary judgment against one of the defendants, and responded to motions for summary judgment filed by the defendants in the Beechwood Action. The Receiver's professionals also presented argument on these motions on April 7, 2020.

Parallel to the litigation track, the Receiver and the Receiver's counsel also engaged in ongoing settlement discussions with certain defendants asserting liens, as principal and/or agent, on all of the Receiver's assets. Together, there were three groups of defendants and the Receiver has now reached settlements with each group of defendants asserting such liens, although the exact scope of such settlements, which are in the process of being documented, will depend, in part, on the ability of defendants holding liens as agent to compromise such liens. As a result of the settlements, the District Court held the majority of the summary judgment motions in abeyance, and only heard argument on the summary judgment motion filed by a defendant that did not relate to the assertion of liens against the estate by that defendant. By Memorandum and Opinion dated April 15, 2020, the Court granted that defendant's motion for summary judgment and the Receiver is now considering her options relating thereto, including appeal.

The Receiver expects to completely document and execute settlement agreements resolving all or a significant portion of the Beechwood Action during the current quarter, and will report on such settlements, to the extent publicly available, in the next status report. The Receiver also will continue to update her website, www.PlatinumReceivership.com/index, with any developments in the case.

2. The Arbitration

On April 27, 2018, the Receiver timely commenced a confidential arbitration against an accounting firm and its affiliate (collectively, the “Accounting Firms”) that provided audit services to certain of the Receivership Entities. In the Arbitration, the Receiver claimed 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 sought monetary damages in an amount to be determined by the arbitration panel. The Arbitration was before a tribunal of three neutral arbitrators. On June 25, 2019, the Accounting Firms submitted a motion for summary judgment dismissing all of the Receiver’s claims. The motion was fully briefed and oral argument was held on the motion on November 21, 2019.

During the Reporting Period, the Receiver and the Accounting Firms reached a settlement resolving the Arbitration in its entirety. Consistent with the rules of the arbitral forum in which the Arbitration was contractually required to be brought, the terms of the parties’ settlement are, and must remain, confidential. By letter to the Court, dated February 28, 2020, filed on the docket that day [Dkt. No. 526], the Receiver notified the Court and all interested parties of the Receiver’s intention to consummate the settlement with the Accounting Firms confidentially and without further order of the Court, in accordance with the powers vested in her by the Receiver Order, unless the Court were to express disagreement with the Receiver’s approach within ten days after the filing of such letter. The Receiver received no objection to the approach described in her letter from the Court or any interested party. Accordingly, the Receiver consummated the settlement during the Reporting Period. Because of the

aforementioned confidentiality restrictions, no further information regarding the Arbitration can be provided.

3. Additional Review of Potential Claims

The Receiver is nearing the conclusion of her review on whether additional causes of action against other parties should be asserted. The analysis includes transfers from Platinum, the value of the assets transferred, and the consideration given in return for the transferred assets. The Receiver has entered into tolling agreements with certain third parties. Final decisions will be made in the near term as to whether to commence, or to settle out of court, any additional claims.

As one example, the Receiver engaged in discussions with the Executor of the estate of Uri Landesman (the "Landesman Estate"), a former Platinum officer, who, prior to his passing, had been a defendant in the criminal and civil action commenced by the SEC. The discussions included the SEC and the joint liquidators for Platinum Partners Value Arbitrage Fund L.P. (together with its feeder funds, "PPVA" or "PPVA Funds"). In cooperation with the SEC and the Joint Liquidators, the Receiver agreed to settle all claims against the Landesman Estate. PPVA and the SEC agreed to settle its claims against the Landesman Estate as well.

D. Administrative Matters

During the Reporting Period, the Receiver and the Receivership Team continued to speak and meet with various interested parties and groups, including the joint liquidators for PPVA,³ the SEC, and Platinum investors. The Receiver updates the Receiver's website with key

³ 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.

documents, answers to frequently asked questions, and status reports to investors. The website also includes links to the Beechwood Action docket.⁴

In addition, the Receivership Team filed and responded to other applications made before this Court and in other court proceedings involving Platinum. Some of the Platinum investments were 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.

4. Website and Investor Communications. In accordance with Section E.2.1 (Communications with Investors), the receivership retained Epic, f/k/a Garden City Group, to create and maintain the Receiver's website (www.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 revises the website as necessary to update the "Frequently Asked Questions" section and to add "key documents." The website allows interested parties to sign up to receive daily notices whenever there are new filings on the Receivership docket. The Receiver and the Receivership Team have attempted to respond to investor inquiries and continue to regularly respond and react to inquiries and requests for information.

The Receiver declined to hold a "town hall" during the Reporting Period, as both the Beechwood Litigation and the Arbitration were at critical junctures and the Receiver was not at a point where it was appropriate to publicly discuss or provide updates on the cases. The Receiver anticipates scheduling a Town Hall webinar in the coming months.

⁴ The Receiver website was temporarily unavailable during the Reporting Period as a result of technical issues faced by the agent that administers the website (Epic). The Receiver was closely monitoring the situation, fielded inquiries by any investors, and the website is now available.

5. **Criminal Trial.** Following the criminal trial of Mark Nordlicht, David Levy and Joseph SanFilippo, the jury returned a verdict convicting Nordlicht and Levy of defrauding bondholders in portfolio company Black Elk Offshore Operations LLC, but acquitting each of them on the remaining charges. SanFilippo was acquitted on all counts with which he was charged. The Court thereafter overturned the jury verdict with respect to Levy and ordered a new trial with respect to Nordlicht. The Department of Justice has appealed those decisions, and in the interim, two additional criminal trials have been delayed. There have been no significant updates with respect to the appeal.

6. **Response to Requests for Advancement of Fees.** Following the conclusion of the criminal trial, certain Defendants renewed their requests for the advancement and/or indemnification of attorneys' fees. Toward the conclusion of the fourth quarter of 2019, by minute order entered December 12, 2019 (the "Minute Order"), the Court requested additional briefing and argument on the "sole issue [of] whether it would be appropriate for this Court to dismiss the case without prejudice to the right of the Receiver or creditors to file a bankruptcy petition against the company in light of the fact that this Court has been called upon to apply Bankruptcy Code concepts to substantial claims and procedures in this matter." In response to the Minute Order, on January 17, 2020, the Receiver filed a Declaration and Memorandum of Law in Response to the Minute Order Entered December 12, 2019 (collectively, the "Receiver's Response to Minute Order") [Dkt. No. 516]. On January 22, 2020, the Court issued an Order on the docket, pursuant to which the Court found, *inter alia*, that (i) compelling the Receiver to file a bankruptcy petition at this point would not be in the best interest of all parties and (ii) that while both SanFilippo and Levy are entitled to indemnification, their claims are non-priority claims among many that must wait for any payment *pari passu* with other non-priority claimants.

7. **Schafer & Weiner**. On September 25, 2018, the Court issued its Memorandum Decision and Order denying the fee application of Schafer & Weiner (“S&W”) 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 then appealed that decision to the U.S. Court of Appeals for the Second Circuit. While the appeal was pending, S&W and the Receiver participated in the Second Circuit’s mandatory mediation conference (CAMP) and simultaneously engaged in conversations with S&W and the SEC regarding a possible resolution of the appeal and the Receiver’s cross-motion to disgorge fees. The CAMP process did not directly lead to a resolution of issues with S&W. The parties, however, continued to engage in discussions and during the Reporting Period, the parties agreed to and executed a written Settlement Agreement on January 16, 2020 (the “S&W Settlement”) that was presented to the Court on February 6, 2020 [Dkt. No. 520] and approved on February 24, 2020 [Dkt. No. 525]. The salient terms of the S&W Settlement were as follows:

- S&W released all claims against the Receivership arising from or relating to its representation of Platinum, including all amounts sought in its Fee Application, and withdrew its appeal;
- S&W agreed to pay the Receivership the total sum of \$280,000 (the “Settlement Payment”) over the course of two years. The payment represented the relief sought by the Receiver (disgorgement of fees), plus an additional \$100,000, sought by the Receiver in her cross-motion. S&W also provided a signed Affidavit of Confession of Judgment in the event it misses an installment payment and fails to cure; and
- The Receiver provided a release to S&W.

The Receiver received the first installment payment during the Reporting Period.

8. **SEC Meetings**. The Receiver also communicated from time to time with the SEC staff to keep them apprised of ongoing matters as to which SEC input is appropriate and to alert them to certain filings by the Receiver. The Receiver and the Receivership Team also had

periodic communications with SEC personnel about pending matters before the Court for which SEC input was appropriate.

9. 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 issues of mutual interest, including jointly held assets, the Beechwood Action, a related Chapter 15 bankruptcy proceeding, the Agera Action (discussed below) and additional claims that may be jointly held.

10. Receivership Estate 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 regular basis to facilitate the exchange of relevant information and to avoid duplication of effort. The Receivership Team met with the Receiver regularly to discuss ongoing asset disposition, litigation, claims and other administrative matters, and prepared agendas and reviewed assets for discussion in advance of the meetings. The Receiver maintained direct oversight over all legal and financial-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 other administrative issues of the Receivership estate.

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 March 31, 2020, the Receivership Entities had approximately \$30 million in funds. Certain parties have claimed an interest in certain sold assets and have asserted claims to a portion of the sale proceeds of such assets (as opposed to a general claim against the

Receivership Estate). Other parties have presented documentation which purportedly grant them security interests in all or certain of Platinum's assets. These secured claims have been challenged and are subject to settlements, the exact scope of which is now being documented, as discussed in Section II hereof.

Cash disbursements during the Reporting Period totaled approximately \$5.9 million. This amount consisted primarily of (i) \$3,084,812 in disbursements to professionals; (ii) \$661,741 in business asset expenses (payroll and related expenses paid to Platinum employees, as well as office rent); and (iii) \$2,166,667 in third-party litigation expenses.

It is estimated that, as of March 31, 2020, accrued and unpaid administrative expenses amount to approximately \$4.8 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 that 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 \$5,395,000. This amount primarily consists of proceeds from prior and/or current settlements.

IV. RECEIVERSHIP PROPERTY

As of March 31, 2020, the primary assets of the Receivership Estate ("Receivership Property") consisted of the following:

- (i) Cash and cash equivalents of approximately \$30 million;

(ii) Remaining stock and royalty interests, litigation financing, loan receivables and other miscellaneous investments; and

(iii) Potential litigation claims.

A list of Receivership Property – namely, each asset of the PPCO and PPLO entities – is attached hereto as **Exhibit B**.⁵

The Receiver's goal is to complete the monetization of the non-litigation assets by the third quarter of this year. There are certain assets in the portfolio that may ultimately have no realizable value. Many of the investments made by Platinum were investments in enterprises that were in the developmental stage, had no established market value (with any future value being highly speculative) and, in some instances, required significant additional capital investment to even have the possibility of realizing a return on such investment. As such, the prior valuations were often seemingly 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. Even with such assumptions made by prior management regarding additional investment, the prior valuations generally were not supportable.

The Receiver's attorneys continue to prosecute the Greehey Action (discussed below). During the Reporting Period, the Receiver settled the litigation (the Lincoln/Rosenberg litigation) with the life settlement insurance company over its refusal to pay the death benefit on the last remaining policy in the ALS portfolio of life insurance policies. Negotiations are in progress to resolve certain other litigations the Receiver commenced and/or has an interest and to dispose of certain other assets that also remain in the PPCO portfolio, such as debt and equity in Cleveland Mining Ltd. and Cleveland Mining Holdings, Australian entities owning gold mining

⁵ The Receivership Property List has been updated to reflect realizations in the current quarter, as well as, corporate actions or events that resulted in a divestment or cancellation of the Funds' interest in an investment.

and pig iron exploration ventures in Brazil. Further, diligence is underway for a remnant sale of the remaining assets in the PPCO portfolio determined to have relatively insignificant value. Progress also is being made on the disposition of the illiquid PPLO securities that remain to be liquidated.

Certain parties have asserted an interest, including an alleged secured interest, in some or all of the proceeds of the sale of Receivership Estate assets. In the Beechwood Action, as discussed above, the Receiver has sought to void the purported blanket liens asserted on the Platinum assets and underlying debt. The Receiver expects that those lien claims will be completely or significantly resolved by the aforementioned settlements reached with certain defendants in the Beechwood Action.

Below is an overview of certain of non-litigation assets (although the assets may be subject to litigation) in which the Receiver and the Receivership Team have focused on during the Reporting Period. The below summaries include a brief description of the nature of the asset, work performed, and status during the Reporting Period.

11. Agera – refers to Agera Energy LLC and Agera Holdings, LLC (collectively, “Agera”). Agera is a retail energy service company. In June 2016, prior to the receivership, Principal Growth Strategy, LLC (“PGS”), which is owned 55% by PPVA and 45% by PPCO, sold a portion of its interests in Agera to certain entities affiliated and/or associated with Beechwood Re Investments LLC.

Pursuant to their respective interests in PGS, both PPVA and PPCO agreed to pursue certain claims and causes of action relating to PGS’s ownership of a certain promissory note convertible into 95% of the common equity of energy reseller Agera Energy (the “Agera

Claims”).⁶ In connection with such agreement, a complaint was filed in the Court of Chancery of the State of Delaware on June 7, 2019 against numerous defendants, including AGH Parent LLC, Senior Health Insurance Company of Pennsylvania and CNO Financial Group, Inc. (the “Agera Action”). The Case is No. 2019-0431. Thereafter, the case was removed to the United States District Court for the District of Delaware (the “Delaware District Court”) (Case No. 19-cv-01319) and the plaintiffs filed a motion for remand. Earlier this month, the Delaware District Court granted Plaintiffs’ motion to remand the action to the Delaware Chancery Court.

In addition, in connection with the Agera litigation, a settlement was reached by and among PPVA, the Joint Official Liquidators of PPVA, PGS, Michael Nordlicht, Kevin Cassidy and two “Starfish” entities. While PPCO is not a party to the agreement, it acknowledged and agreed to its terms because of PPCO’s membership interest in PGS. The agreement provides for a settlement payment to PPVA/ PGS. While PPCO will not receive cash from the settlement with Cassidy and Starfish, its share of the funding amount that must be repaid from any settlement proceeds before PGS can share in any recovery was reduced.

12. ALS Life Settlements (Lincoln/Rosenberg Litigation) – refers to a portfolio of life settlement investments that were owned through an entity in which PPCO is the majority owner and managing member. All but one policy in the portfolio was previously sold by the Receiver or her predecessor. The Receiver asserted that the insurance company – Lincoln Life – improperly lapsed this policy prior to the Receiver’s appointment. The insured under the policy (Rosenberg) subsequently passed away, leaving the potential death benefit in dispute. The Receiver commenced an action in the United States District Court for the Eastern District of New York (the “Rosenberg Litigation”) and retained contingency counsel. A back-end

⁶ On October 4, 2019, Agera Energy LLC and certain of its affiliates, none of which are parties to the Agera Action, filed for chapter 11 bankruptcy relief in the United States Bankruptcy Court for the Southern District of New York, Case No. 19-23803.

beneficiary under the policy (who the Receiver named as a nominal defendant because it was a necessary party to the litigation) filed counterclaims against the Receiver, seeking a ruling that it is entitled to 100% of the death benefit in the event that the Court determines that the Receivership somehow caused the alleged lapse. During the Reporting Period, the Receiver and the other parties to the Rosenberg Litigation engaged in settlement discussions, which resulted in the execution of a Settlement Agreement. The terms of the settlement will not be disclosed.

13. Cokal Limited (ASX: “CKA”) – refers to 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. PPCO originally held common stock, warrants, and a Note in CKA (PPVA also owned common stock, options, and a Note). As a result of a Debt Restructuring Transaction agreed to by prior management, the Note was restructured into new options and a royalty from revenues of BBM. During the first quarter of 2019, PPCO sold its entire stock and options position in CKA to one of CKA’s current shareholders. At the time, the shareholder expressed interest in potentially purchasing PPCO’s royalty interest, but such discussions went dormant until the end of last year. The Receivership team re-engaged with the shareholder and during the Reporting Period, entered into an agreement for the sale of PPCO’s royalty interest. Pursuant to the sale agreement, the proceeds of the sale were wired to Otterbourg’s escrow account on March 27, 2020 and the closing on the sale is to be completed in ninety (90) days from receipt, at which point the escrowed funds will be released from escrow to PPCO.

14. Greehey – refers to a \$3.23 million secured loan (the “Loan”) made by a wholly owned subsidiary of PPCO, Bakken Development Opportunities, I, LLC (“Bakken”), to Greehey & Company, Ltd. (“Greehey”) and Dynamic Resources LLC (“Dynamic,” and together with

Greehey, “Defendants”). The Loan was secured by certain real property located in Telluride, Colorado and certain oil and gas leases located in North Dakota. The Loan matured on August 31, 2017. Despite repeated requests by the Receiver, the Defendants failed to pay the amounts outstanding under the Loan and on August 1, 2019, the Receiver commenced a lawsuit against Greehey and Dynamic (the “Greehey Litigation”) seeking entry of a judgment holding Defendants in default on an immediate payment obligation to Bakken, in addition to associated interest, costs and expenses, including reasonable attorneys’ fees and costs. The Receiver has amended her complaint and responded to the Defendants revised counter-claims. Discovery continued during the Reporting Period.

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

In addition to the asset specific lawsuits – namely, the Rosenberg and Greehey Litigations (described above) – PPCO’s interest in the lawsuit relating to Agera Energy and PPCO’s interest in certain other litigation commenced pre-petition that continue to be pending, the Receiver’s investigation of pre-petition activities has to date resulted in the commencement of two targeted litigations discussed above: (i) the Arbitration commenced on April 27, 2018, and (ii) the Beechwood Action commenced on December 19, 2018. Other than the Beechwood Action and the Arbitration, which the Receiver has now settled, the Receiver cannot predict the outcome of any litigations she commenced or in which the Receivership has an interest or the timing of collecting on any judgment or settlement that may ultimately be obtained. As set forth above, in order to preserve the confidentiality of certain settlements that the Receiver has reached, and is in the process of negotiating or expects to negotiate, in this Status Report and in future Status Reports, the Receiver will not disclose details of any settlements, including the identity of the settling parties, amounts agreed to be paid by such parties, whether such amounts

are to be paid in structured payouts and over what period of time, and the source of any litigation-related funds received in any reporting period, unless such details are matters of public record by virtue of a motion for Court approval of such settlement or otherwise.

The Receivership Team is concluding its review and analysis of other pre-Receivership activities, including transfers made by PPCO and PPLO to other entities and individuals, 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, on a cost-benefit basis, warrant the commencement of litigation. For any claims in which a statute of limitations may be approaching, the Receiver has reached out, and will continue to reach out, to the potential targets 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 targets that have declined to toll the statute of limitations. The Receiver will be making final determinations in the coming months whether any additional actions will be commenced.

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 March 31, 2020. 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 and the underlying liability 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 approximately \$69.1 million (plus interest) to four (4) lenders. In the Beechwood Action, the Receiver is seeking to avoid that debt and the liens allegedly securing it.
- 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.⁷

B. Accrued Administrative Expenses. As of March 31, 2020, accrued and unpaid administrative expenses amounted to approximately \$4.8 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, such as office rent.

C. Disbursements to Preserve the Value of Certain Investments. No significant expenses, other than payment to local counsel in certain circumstances, are being incurred by the Receivership to maintain any of the remaining portfolio investments.

D. Investors. The Receiver currently believes that there are 286 known investors in the Platinum Entities. Platinum's books and records reflect that unaffiliated investor claims total at least \$337 million, including claims for unpaid redemptions by unaffiliated investors totaling at least \$34.5 million, and that affiliated investor claims total at least \$50.7 million. After conferring with the SEC, at this time, to protect the privacy of such investors, the Receiver is not filing with this Status Report a list of the names of each investor and the amount of such

⁷ This amount reflects PPCO's books and records, but may be revised based upon the review of the filed pre-Receivership general claims.

investor's net cash investment. The actual amount and value of the investors' claims is dependent upon the net recovery obtained on Receivership Property. The amount of "net cash invested" by an investor may be materially less than the amount ultimately received by such investor.

VII. CLAIMS ANALYSIS

Now that all or significant issues regarding the purported blanket secured liens asserted on the Platinum assets, which is addressed in the Beechwood Action, are close to being resolved, the Receivership Team will be increasing its focus on a distribution plan. The Receiver anticipates that a proposed distribution plan will be filed in the second half of this year. In total, 327 claims were filed prior to the applicable bar date. Some of these claims may be duplicate claims and some may be asserted against non-Receivership Entities. Parties holding investor claims, claims for unpaid redemptions and administrative claims were not required to file proofs of claim.

The Receiver cannot at this time state what distributions will ultimately be to creditors and investors. Also, in addition to determining how to treat different claims (*e.g.*, unsecured creditor claims, unpaid redemption claims, insider claims, non-insider 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 also may be implicated.

VIII. RECOMMENDATIONS FOR CONTINUATION OR DISCONTINUATION OF RECEIVERSHIP

As during prior Reporting Periods, the Receiver believes that continuation of the receivership is in the best interests of the creditors of and investors in the Platinum Entities. While the Platinum Entities could continue to be liquidated in a bankruptcy proceeding, for the

reasons stated in the Receiver's previous Status Reports and most recently the Receiver's Response to Minute Order, the Receiver continues to believe that, at this time, continuing with the orderly liquidation of the Platinum Entities in this receivership case and pursuit of the legal actions commenced by the Receiver provides greater flexibility to achieve an equitable result for the investors who have been wronged here and would provide greater efficiencies and preservation of estate assets.

A more detailed explanation and reasoning for why the Receiver believes that, at this time, the interests of all stakeholders would be best served by continuing to administer the Receivership outside of bankruptcy is set forth in the Receiver's Response to Minute Order. [Dkt. Nos. 516]. On January 22, 2020, the Court issued an Order on the docket, pursuant to which the Court found that compelling the Receiver to file a bankruptcy petition at this point would not be in the best interest of all parties.

IX. CONCLUSION

The Receiver believes that the Receivership is currently entering the final stages in which the remaining assets that can be monetized will be, the significant litigations have concluded or will be concluding, and the issues regarding the purported blanket liens resolved. The next stage of the case will be focused on preparing a plan of distribution of assets to creditors and investors, making final determinations regarding the commencement of any additional litigations and resolving any claim issues.

Dated: April 20, 2020

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 1/1/2020 to 3/31/2020			Cumulative Total from 7/7/2017 to 3/31/2020		
	PPCO	PPLO	Total	PPCO	PPLO	Total
Cash (Beginning of Period)	\$ 27,264,534	\$ 3,353,717	\$ 30,618,251	\$ 7,788,872	\$ 1,617,492	\$ 9,406,363
Receipts						
Business Income	-	-	-	-	-	-
Cash and Securities	-	-	-	-	-	-
Interest/Dividend Income	-	-	-	71,101	36,020	107,121
Asset Sales and Third-Party Litigations Proceeds	5,395,000	-	5,395,000	69,606,912	1,710,911	71,317,822
Other Receipts	-	-	-	801,896	3,294	805,190
Total Receipts	\$ 5,395,000	\$ -	\$ 5,395,000	\$ 70,479,909	\$ 1,750,224	\$ 72,230,133
Disbursements						
Disbursements to Investors/Claimants	-	-	-	-	-	-
Disbursements for Receivership Operations	-	-	-	-	-	-
Disbursements to Receiver or Other Professionals	(3,084,812)	-	(3,084,812)	(23,803,762)	(2,575)	(23,806,337)
Business Asset Expenses	(661,741)	-	(661,741)	(5,747,366)	(396)	(5,747,762)
Personal Asset Expenses	-	-	-	-	-	-
Investment Expenses	-	-	-	(19,692,757)	-	(19,692,757)
Third-Party Litigation Expenses	(2,166,667)	-	(2,166,667)	-	-	-
Tax Administrator Fees and Bonds	(2,400)	-	(2,400)	(114,314)	(11,028)	(125,342)
Federal and State Tax Payments	-	-	-	-	-	-
Disbursements for Distribution Expenses Paid by the Fund	-	-	-	(2,166,667)	-	(2,166,667)
Disbursements to Court/Other	-	-	-	-	-	-
Total Disbursements	\$ (5,915,619)	\$ -	\$ (5,915,619)	\$ (51,524,866)	\$ (13,999)	\$ (51,538,865)
Cash (End of Period)	\$ 26,743,915	\$ 3,353,717	\$ 30,097,631	\$ 26,743,915	\$ 3,353,717	\$ 30,097,631

EXHIBIT B

Receivership Property List

PPCO Assets

Asset Name	Asset Type
1) Abdala Tailings Project	Royalty Stream
2) Acceleration Bay	Back-end proceeds from litigation
3) Activision TV, Inc.	Patent Portfolio
4) Agera Energy LLC	Preferred Stock
5) ALS Capital Ventures, LLC	Life Settlements Portfolio
6) Bahamas Properties	Ownership Interest
7) Buffalo Lake Advanced Biofuels LLC	1) Loan Receivable 2) Common Stock
8) Carbon Credits	Participations in PPVA deals
9) Celsius Resources Ltd	Common Stock
10) China Horizon Investment Group Ltd.	Loan Receivable
11) Claus Shelling Family Trust	Life Settlements Portfolio
12) Cleveland Mining Company Ltd.	1) Loan Receivable 2) Common Stock
13) Credit Card Receivables Portfolio	Loan Receivable
14) Decision Diagnostics Corp.	Preferred Stock
15) Environmental Service Professionals, Inc.	Common Stock

Receivership Property List

PPCO Assets

Company Name	Asset Description
16) Golden Gate Oil LLC	Notes Receivable
17) Greehey & Company	Loan Receivable
18) Grey K Environmental Fund II, L.P.	Investment in Closed-End Fund
19) Khorrami Pollard & Abir, LLP	Loan Receivable
20) Millennium Healthcare, Inc.	Common Stock
21) MMP Resources Limited (f/k/a Sino Construction)	Common Stock
22) Montsant Partners LLC	Loan Receivable
23) Nisayon International Inc.	Loan Receivable
24) NJ Ethanol LLC	1) Class B Preferred Stock 2) Common Stock
25) Nordaq Energy Inc	1) Common Stock 2) Warrants
26) Over Everything LLC	1) Loan Receivable 2) Common Stock
27) Total Asset Recovery Services, LLC (TARS)	Litigation Finance Investment
28) Urogen Pharmaceuticals, Inc.	1) Note Receivable 2) Preferred Stock
29) Xcell Energy Inc.	Loan Receivable
30) Yellow River	Common Stock

Receivership Property List

PPLO Assets

Company Name	Asset Description
1) Alcyone Resources Limited	Common Stock Note Receivable
2) Bang Holdings Corp.	Warrants
3) Black Elk Energy LLC	Note Receivable
4) China Cablecom Holdings Ltd.	1) Common Stock 2) Preferred Stock
5) Echo Therapeutics, Inc.	1) Preferred Stock 2) Common Stock 3) Warrants
6) Misung Polytech	Loan Receivable
7) Navidea Biopharmaceuticals, Inc.	Common Stock
8) Ochre Group Holdings Limited	Common Stock
9) Range Resources Limited	Common Stock
10) Sun Resources NL	Options
11) Valley Forge	Common Stock
12) Wexford Petroleum Corporation	Common Stock
13) Woori Technology Inc.	Warrants

Receivership Property List

Jointly Held PPCO / PPLO Assets

Company Name	Asset Description
1) Cokal Limited	1) Loan Receivable
2) Copper Rider / Parot Tovot	1) Loan Receivable - Parot Tovot 2) Loan Receivable - Copper Rider
3) Infinity Augmented Realty, Inc.	1) Series A Preferred Stock 2) Series B Preferred Stock 3) Common Stock 4) Options
4) Northstar Offshore Group	1) Preferred Stock 2) Loan Receivable - Subordinated Debt 3) Loan Receivable - Line of Credit 4) Note
5) Platinum Partners Value Arbitrage Fund	Loan Receivable