

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 TWENTY-FIRST 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 Opportunities Fund (BL) LLC, Platinum Liquid Opportunity Management (NY) LLC, Platinum Partners Liquid Opportunity Fund (USA) L.P., Platinum Partners Liquid Opportunity Master Fund L.P., Platinum Partners Credit Opportunities Fund International Ltd. and Platinum Partners Credit Opportunities Fund International (A) Ltd. (collectively, the “Receivership Entities,” the “Platinum Entities” or “Platinum”), by her undersigned counsel, hereby submits this Twenty-First Status Report, covering the period from July 1, 2022 through and including September 30, 2022 (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 Platinum Partners Liquid Opportunity Master Fund L.P., and its feeder 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 “Court”). [Dkt. No. 276].

I. PRELIMINARY STATEMENT

During the Reporting Period, the Receiver and her team² (i) finalized the motion for approval of a settlement between the Receivership Entities and the Joint Liquidators for Platinum Partners Value Arbitrage Fund L.P. (together with its feeder funds, “PPVA” or “PPVA Funds”) regarding common assets and the resolution of inter-estate claims; (ii) focused on mediation efforts in the adversary proceeding commenced by the Receiver in the personal bankruptcy case of Mark Nordlicht (“Nordlicht”) objecting to Nordlicht’s discharge; (iii) prepared and filed additional pleadings in connection with the Receiver’s SHIP Escrow Motion (defined below) concerning the disallowance of Claim No. 145 and the Receiver’s authority to consent to the release of an escrow established in connection with the previously resolved Beechwood litigation; (iv) took steps to prepare for the filing of a plan of distribution and eventual wind-down of the estate, including the finalization of a motion to establish an administrative bar date; and (v) continued to monitor the few remaining assets of the estate that have not been liquidated and that may have potential value.

As previously reported, certain of the settlements that the Receiver reached during the course of the receivership case (the “Receivership”) are confidential. To preserve the confidentiality of these settlements, the Receiver advised that she would not disclose and will not be disclosing 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

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 Teneo Company as her financial advisor [Dkt. No. 232] (“Teneo” (f/k/a Goldin) and, together with Otterbourg, the “Receivership Team”).

payouts and 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 Securities and Exchange Commission (“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

There are currently five remaining assets that the Receiver continues to monitor,³ including assets in which the Receiver retained a residual interest and assets that are jointly held with PPVA that have potential value, but do not require outlays of capital to maintain. While there are additional assets that remain property of the Receivership (*See Exhibit B*), the Receiver has determined that these other remaining assets have, at best, nominal value, are not being actively monitored, and will most likely be subject to a request to abandon in a proposed plan of distribution.

During the current Reporting Period, the Receivership received \$14,925. This is in addition to the approximately \$87 million received by the Receivership since the date of the Receiver's appointment. Certain parties have asserted secured claims to all or part of the proceeds of such liquidated investments, most of which have been resolved pursuant to the settlement in the litigation with Beechwood and the agreement with Heartland Bank.

C. Investigation of Pre-Receivership Activities and Litigation

The Receiver previously settled substantially all claims in the Beechwood litigation. The Receivership Team monitors, as necessary, the litigation that PPVA is pursuing against many of the same defendants. The litigation by PPCO itself, however, has ended. The Receiver's investigation of any other potential pre-receivership claims is described in Section V below.

³ The assets that the Receiver continues to monitor are: (i) China Horizon/Yellow River; (ii) Acceleration Bay litigation (Receivership has a back-end interest); (iii) Agera litigation; (iv) Decision Diagnostics equity; and (v) Pro Player revenue sharing agreement.

D. Administrative Matters

During the Reporting Period, the Receiver and the Receivership Team continued to speak with various interested parties and groups, including the Joint Liquidators for PPVA,⁴ the SEC and Platinum investors and creditors. The Receiver also responded to certain document requests made by third parties. The Receiver updates the Receiver's website with key documents, answers to frequently asked questions and status reports to investors. The Receivership Team also filed and responded to other applications made before the Court and in other court proceedings involving Platinum, including with respect to the Nordlicht Bankruptcy Case (defined below).

1. **PPVA**. Since the Receiver's appointment, she and the Receivership Team have kept in frequent communication with the Joint Liquidators for the PPVA Master Fund and the PPVA Feeder Fund and/or their staff to discuss issues of mutual interest. PPVA and PPCO have each analyzed and discussed potential claims against the estate of the other stemming from pre-Receivership transactions. During the first quarter of this calendar year, following protracted settlement discussions, the Receiver and the Joint Liquidators of PPVA reached a resolution of purported claims and remaining assets of mutual interests, including their joint interest in Agera Energy LLC and Agera Holdings, LLC (collectively, "Agera").⁵ The settlement was subject to the approval of each estate's supervising court. Accordingly, during the Reporting Period, the

⁴ 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.

⁵ 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 that PGS would pursue certain claims and causes of action relating to its ownership of a certain promissory note convertible into 95% of the common equity of Agera's subsidiary, energy reseller Agera Energy. 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, SHIP and CNO (the "Agera Litigation").

Joint Liquidators of PPVA filed an application in the Cayman court seeking approval of the settlement. In July, the Joint Liquidators received approval from the Cayman Court to enter into the settlement. Following approval by the Cayman Court, on July 28, 2022, the Receiver filed a motion in this Court seeking approval of the settlement (the “PPVA Settlement Motion”). *See* Dkt. No. 646. Below is a summary of the provisions of the agreement, which is qualified by reference to the specific terms in the Settlement Agreement. (*See* Exhibit A to the Receiver Decl. filed with the PPVA Settlement Motion). The Settlement Agreement includes the following terms, among others:

Issue	Terms
Mutual Releases	The Settlement Agreement provides for full and complete mutual releases between and among (i) the PPCO Parties, (ii) the PPVA JOL Parties; and (iii) PGS.
Release of PGS Lender of Record Interests	As part of the mutual releases, PGS will release the PPCO Parties the Lender of Record Interests which total a combined amount of purportedly secured debt of \$30,650,512.27 in principal and \$5,951,657.98 in accrued interest as of September 30, 2019.
Withdrawal of Proofs of Claim	As of the Effective Date, the Parties’ Proofs of Claim (including PPVA’s claim seeking damages in excess of \$70 million), will be deemed withdrawn with prejudice and of no force and effect.
Retention of Navidea Proceeds by PPCO	The Settlement Agreement provides for PPCO to retain the \$7 million in Navidea Proceeds, as to which PPVA withdraws with prejudice any claim.
Retention of PPCO’s interest in Jointly Held Assets	The Settlement Agreement provides for PPCO’s continued 45% interest in the net recoveries for any assets still jointly held with PPVA, including those held through PGS, other than the interest in the Agera Action, in which PPCO will continue to hold an interest, albeit at a reduced percentage, but without any out-of-pocket cost to PPCO.
Venue and Choice of Law	The Parties consent and submit to the exclusive jurisdiction of this Court in actions or proceedings relating to the Agreement and that New York law will govern disputes arising from the Agreement.

Please refer to the PPVA Settlement Motion for a further description of the settlement agreement and background of the alleged claims of each estate. The PPVA Settlement Motion was approved by the Court on August 18, 2022. [Dkt. No, 654]. Following approval of the

settlement, the Receiver took the steps necessary to effectuate the settlement, including providing notices to the necessary parties. The Receiver also continues to monitor the status and progress of the Agera Litigation and the China Horizon/Yellow River asset, both of which are held jointly with PPVA through PGS.

2. Nordlicht Bankruptcy Case. Nordlicht filed a Chapter 7 bankruptcy petition on June 29, 2020 in the United States Bankruptcy Court for the Southern District of New York (the “Bankruptcy Court”). The case was assigned to Judge Robert D. Drain and assigned Case No. 20-22782 (the “Nordlicht Bankruptcy Case”). The case has since been transferred to Judge David S. Jones due to Judge Drain’s retirement from the bench. The Receiver has been monitoring and exercising rights as a creditor in the Nordlicht Bankruptcy Case. The Receiver previously filed a proof of claim on behalf of PPCO in the Nordlicht Bankruptcy Case, asserting a claim in the amount of not less than \$219 million (the “Receiver’s Proof of Claim”). It is uncertain, even if allowed in whole or in part, what recovery, if any, may be available from the Nordlicht Bankruptcy Case, which currently has extensive claims filed against it and has limited disclosed assets with which to satisfy those claims. Nordlicht previously filed a proof of claim against the Receivership Estate. That claim is now the property of Nordlicht’s bankruptcy estate and is under the control of the Chapter 7 Trustee to pursue. Pursuit of the Receiver’s objection to the Nordlicht proof of claim has been stayed during the Nordlicht Bankruptcy. The Receiver, however, continues to engage in regular discussions with the Chapter 7 Trustee with respect to, among other things, resolution of the claims held by each against the other’s estate with the goal of reaching a consensual agreement regarding treatment of Nordlicht’s claim against the Receivership Entities.

Additionally, following Nordlicht's refusal to continue to toll the Receiver's time to do so, to protect and preserve estate assets and causes of action that can be asserted by creditors against Nordlicht, the Receiver filed a complaint objecting to the discharge of Nordlicht (the "Discharge Complaint"). The Discharge Complaint alleges, among other things, that Nordlicht knowingly and fraudulently made a false oath in the Nordlicht Bankruptcy Case by failing to list significant assets and financial transactions in his bankruptcy schedules, and concealed his property with the intent to hinder, delay, or defraud his creditors.

Following authorization from the Bankruptcy Court, on November 5, 2021, the Receiver filed the First Amended Complaint (the "Amended Complaint"), which added an additional cause of action under 11 U.S.C. § 727(a)(2)(A), (B), asserting, among other things, that Nordlicht, with the intent to hinder, delay, or defraud a creditor, transferred, removed, or concealed, certain assets within a year before and after the filing of the petition. On February 1, 2022, Nordlicht answered the Amended Complaint and asserted a counterclaim essentially seeking dismissal of the Receiver's Proof of Claim filed against Nordlicht's estate. There are currently no pending motions in the adversary proceeding and a scheduling order was entered.

If the Receiver is successful in the Discharge Complaint, Nordlicht will be denied a discharge in his personal bankruptcy case. Were this to happen, the Receiver and other creditors of Nordlicht will be able to continue to assert claims against Nordlicht, and his assets, post-bankruptcy, and will not be limited to a recovery from the assets of his bankruptcy estate. Further, as to claims asserted against the Receivership Estate for which Nordlicht and a Receivership Entity have alleged co-liability, a creditor's ability to continue to recover against Nordlicht, if successful, may reduce the claims such creditor has asserted against the Receivership.

During the Reporting Period, the parties focused on a potential resolution of their respective claims. The parties have agreed to put the litigation on hold while they explored resolution through mediation. On June 7, 2022, the parties prepared and filed a Joint Stipulation and Order Assigning Adversary Proceeding to Mediation. The Hon. Allan L. Gropper (Ret.) was appointed as mediator. During the Reporting Period, the Receiver prepared a mediation statement for Judge Gropper and prepared for mediation. The initial mediation session had to be rescheduled and the parties filed a stipulation extending the time for mediation. The mediation is currently scheduled for November 4, 2022. If mediation is not successful, the Bankruptcy Court has scheduled a status conference for December 1, 2022.

3. **Website and Investor Communications.** The Receiver retained Epiq to create and maintain the Receiver's website (www.PlatinumReceivership.com) and provide other services to the estate, including official communications with stakeholders. 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.

4. **Criminal Trial.** Following the criminal trial of Nordlicht, Levy and 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 appealed those decisions and on November 5, 2021, the Court of Appeals for the Second Circuit vacated the Court's order and remanded to the Court for further proceedings consistent with its decision. Following the decision, Nordlicht and Levy requested that the Second Circuit reconsider its decision and/or hear the appeal anew *en banc*, which requests were denied on December 29, 2021. Thereafter, on March 29, 2022, Nordlicht and Levy filed a petition for a writ of certiorari with the United States Supreme Court. On October 3, 2022, the United States Supreme Court declined to hear the appeal. On October 14, 2022, Nordlicht filed a motion with the Court seeking a new trial. Levy joined in Nordlicht's request. Levy's sentencing is currently scheduled for January 27, 2023 and Nordlicht's sentencing is scheduled for February 17, 2023.

Daniel Small's jury trial in the Eastern District of New York began in July 2022 and following a two-week trial, Small was convicted by a jury on charges of securities fraud and securities fraud conspiracy for his role in connection with Black Elk. Small filed a motion seeking to have his conviction overturned by the Court. Small's sentencing is currently scheduled for March 10, 2023. The Receiver continues to monitor the criminal proceedings of each of the Defendants.

5. Small Request for Advancement of Fees. Previously, in connection with his then upcoming criminal trial and increase in outlay of professional fees, on May 20, 2022, Small filed a letter request with the Court seeking the advancement of \$120,000 from the Receivership Entities to cover a portion of his legal fees (the "Small Advancement Request"). [Dkt. No. 630] As previously reported, several of the defendants earlier in the case sought immediate payment of their claims for indemnification, prior to payment of other creditors' claims. This request was

denied by the Court. *See* Dkt. No. 417, at 1; *see also* Minute Order dated January 22, 2020. The claims for indemnification are currently *sub judice*. On May 26, 2022, the Receiver responded to the Small Advancement Request. *See* Dkt. No. 631. Among other things, the Receiver argued that it is not appropriate to advance fees in light of the pending objection to Small's claim, the fact that no undertaking was offered by Small, and that granting the requested advancement would "lock" the Receiver into a distribution scheme that may be contrary to the one she may actually propose as part of a plan of distribution, by among other things, granting creditors a priority over investors. On June 1, 2022, the Court entered an order denying the Small Advancement Request, subject to later renewal ("Mr. Small can seek reimbursement for his attorney's fees as the Receiver's plan proceeds to confirmation, and then be reimbursed when the funds are distributed. But prior to that point, any advance would be premature and de facto permit Mr. Small to jump the line."). *See* Dkt. No. 634, at 2.

6. **Taxes.** Platinum's Chief Financial Officer worked with Deloitte Tax LLP to complete PPCO's and PPLO's 2021 tax returns. K-1 statements were completed and mailed to investors on July 15, 2022. In 2020, the IRS released revised instructions for partnerships required to report capital accounts to partners on Schedule K-1 (Form 1065). Pursuant to the IRS instructions, the partners' capital account disclosed in section L of the schedule K-1 is prepared on the tax basis method (not GAAP). The partner tax basis capital amounts do not represent an investor's adjusted tax basis in the partnership and should be determined in accordance with applicable federal and state provisions. In addition, the amounts listed on the K-1s are not necessarily reflective of what distributions investors may ultimately receive in this case. The Receiver cannot provide any tax advice. Investors are encouraged to consult their own tax advisor on the impact of the K-1 statements on individual tax returns

7. **SEC Meetings.** The Receiver has periodic communications with SEC staff to keep them apprised of ongoing matters as to which SEC input is appropriate, to alert them to certain filings by the Receiver and to keep the SEC apprised of the status of the claims process and wind down of the estate. The Receiver and the Receivership Team also have periodic communications with SEC personnel about pending matters before the Court and in the Nordlicht Bankruptcy Case when SEC input was appropriate.

8. **Receivership Estate Oversight.** The Receiver and the Receivership Team also devoted time during the Reporting Period to the general oversight of the Platinum Entities and the estate. Conferences with the Receiver and members of the Receivership Team occurred as needed to facilitate the exchange of relevant information, including the status of certain assets being monitored, the claims process, the plan of distribution and other administrative matters. 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 Platinum's CFO and Teneo, in analyzing cash management and other administrative issues of the Receivership estate. Otterbourg attorneys also responded to requests for documents during the Reporting Period.

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 September 30, 2022, the Receivership Entities had approximately \$17.8 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 Entities). Other parties have presented documentation which purportedly grant

them security interests in all or certain of Platinum's assets. These secured claims were challenged and have been substantially resolved pursuant to settlements in the Beechwood litigation and an agreement with Heartland Bank.

Cash disbursements during the Reporting Period totaled \$591,816. This amount consisted of (i) \$442,682 in payments to the Receiver and her professionals for fees incurred in the first quarter of 2022 and approved by the Court during the Reporting Period; and (ii) \$149,134 in business asset expenses (primarily consisting of payroll and related expenses paid to Platinum employees, office rent, and payments to Epiq).

It is estimated that, as of September 30, 2022, accrued and unpaid administrative expenses amount to approximately \$5 million. This amount includes the estimate of fees and expenses that have been incurred by the Receiver, Otterbourg and Teneo during the Reporting Period and that will be requested in future applications, holdbacks for prior applications of the Receiver, Otterbourg and Teneo and holdbacks to the Prior Receiver's counsel (Cooley) with respect to its interim fee application.

Cash receipts during the Reporting Period totaled \$14,925, consisting of interest and installment payments by the Schafer and Weiner law firm in connection with a previously approved settlement agreement.

IV. RECEIVERSHIP PROPERTY

As of September 30, 2022, the primary assets of the estate ("Receivership Property") consisted of the following:

- (i) Cash and cash equivalents of approximately \$17.8 million;
- (ii) Remaining stock and royalty interests, litigation financing 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**.⁶

The review of the assets in the Receivership’s asset portfolio is complete. There are only a few remaining assets that the Receiver continues to monitor, including shared assets with PPVA that may have potential value to the Receivership Estate. The Receivership Team is also periodically called upon to address certain follow-up issues regarding previously sold or resolved assets. During the Reporting Period, counsel for the Receiver did not expend a significant amount of time monitoring the remaining assets, but continues to keep apprised of their status and options for monetization, including the previously described China Horizon/Yellow River asset that is jointly held with PPVA through a company called PGS. The Joint Liquidators of PPVA and the Receiver continue to monitor this asset and explore options for monetizing the asset, if possible. This asset may ultimately add value to the Receivership Estate, although it is still speculative and any amount that may be realized and the timing of such monetization is still in flux and indeterminate.

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

The Receiver and the Receivership Team have analyzed 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. Where mutual releases are warranted, the Receiver has sought and obtained such releases. Whether and the extent to which the Receiver

⁶ 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.

may commence additional affirmative actions against, among others, insiders of Platinum, if any, will likely be addressed as part of the proposed plan of distribution and likely reservation of rights.

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. Certain liabilities described herein, particularly those pertaining to creditor claims, are uncertain, and will remain as such until the allowed amount and priority of all claims is finally determined.

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 validity and amount of claims that may be entitled to a distribution will be based upon the Receiver's claim determinations, settlements and the outcome of the Receiver's objections to certain claims, and are likely to differ materially from the values reported by prior management. Accordingly, the following is only intended to be informative of prior management's books and records at the time of the commencement of the Receivership:

- PPCO lenders: PPCO owed approximately \$69.1 million in principal (not including interest) to certain lenders. As a result of the settlement in the Beechwood litigation and an expected resolution with PPVA, almost all of this debt has been, or will be, eliminated.
- PPCO unpaid redemptions: \$28.2 million in unpaid redemption requests were made by 21 PPCO investors.
- PPLO unpaid redemptions: \$6.5 million in unpaid redemption requests were made by 3 PPLO investors.

- PPCO and PPLO outstanding payables: PPCO and PPLO had \$2.7 million of outstanding payables attributable to 23 vendors.

Additional claims were filed through the claims process, including claims of former employees of Platinum. The Receiver has now substantially completed the claims reconciliation process. The only outstanding claims related issues, which will determine the amount and priority of claims asserted against PPCO and PPLO, are (i) the Court's ruling on the Claims Motion (described further below, but which primarily objects to priority claims for indemnification asserted by certain insiders); (ii) the Court's ruling on the pending SHIP Escrow Motion; and (iii) the resolution of the proof of claim filed by Nordlicht.

B. Accrued Administrative Expenses. As of September 30, 2022, accrued and unpaid administrative expenses amounted to approximately \$5 million. These administrative expenses primarily consist of accrued and unpaid professional fees. In addition to these unpaid administrative expenses, the Receivership Estate budgeted approximately \$40,000-\$50,000 per month to pay the remaining in-house Platinum staff (the CFO and information technology consultant) and to cover other operating expenses, such as office rent. Other fees, such as payments to Epiq for maintenance of the website and mailings to creditors are periodically incurred as well. Pursuant to the Court's order approving the disposal of obsolete documents, the Receiver is no longer paying for the retention of obsolete documents. To the extent any third party requested that certain documents be maintained, that party is paying the expense of such retention.

During the Reporting Period, the Receiver filed a motion seeking the approval of an administrative bar date (the "Admin Bar Date Motion"). While the Receiver has been paying administrative claims throughout the case as they come due in the ordinary course of business,

the purpose of the Admin Bar Date Motion is to ascertain whether there are any potential additional administrative claims, apart from the accrued professional fee claims. The Admin Bar Date Motion was filed on July 19, 2022. [Dkt. No. 643]. Specifically, the Admin Bar Date Motion seeks entry of an Order (i) establishing a deadline for filing administrative claims, if any, arising on or after December 19, 2016 through and including June 30, 2022, (ii) approving (a) a proof of administrative claim form, (b) the form and manner of notice of the administrative claim bar date, and (c) procedures for filing proofs of administrative claim.

The prior bar date order [Dkt. No. 453] did not require claimants asserting claims for the provision of goods or services to the Receivership Entities or the Receiver beginning on or after the commencement of the receivership to submit proofs of claim. Nor did the prior bar date order require the submission of proofs of claim by the Receiver or her retained professionals. As a result, and to further aid her efforts to wind down the receivership and formulate a plan of distribution that is fair and reasonable to all stakeholders, the Admin Bar Date Motion seeks to establish a bar date for the submission of claims for the provision of goods or services to the Receivership Entities or the Receiver arising on or after December 19, 2016 through and including June 30, 2022. The Admin Bar Date Order sets forth those creditors not required to submit a proof of claim, including professionals retained after the commencement of the Receivership. Parties should refer to the Admin Bar Date Motion for a fuller description of those entities required to submit a proof of claim.

While the Receiver is not aware of any unknown administrative liabilities, much less any outstanding administrative liabilities other than professional fees of other parties that are subject to Court approval, the Receiver believed that was in the best interests of the Receivership Entities and for the efficient administration of the case to determine and confirm whether there

are, in fact, any unknown potential administrative liabilities and the extent and amount of such administrative liabilities. The Admin Bar Date Motion will help eliminate the risk of having to address potentially unknown claims of unknown amount prior to proposing a plan of distribution.

The Admin Bar Date Motion was approved by the Court on August 18, 2022. [Dkt. No. 653] The Receiver provided notice of the Admin Bar Date in accordance with the notice requirements in the order. The deadline to file an administrative claim in accordance with the Bar Date Order is October 21, 2022 at 5:00 p.m. (ET).

C. Disbursements to Preserve the Value of Certain Investments. No significant expenses were incurred by the Platinum Entities to maintain any of the remaining portfolio investments. No significant expenses, other than overhead expenses and the professional fees of the Receivership Team, are expected going forward.

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 \$337.1 million, including claims for unpaid redemptions by unaffiliated investors totaling at least \$34.5 million, and that affiliated investor claims currently total at least \$19.7 million after taking into account amounts settled in the Beechwood litigation. 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 investor's net cash investment. Pursuant to the approved claims reconciliation process, and as described further in the next section, investors have been notified of the total investments in and distributions from the Platinum entities as reflected in Platinum's books and records.

VII. CLAIMS ANALYSIS AND PLAN OF DISTRIBUTION

Pursuant to the previously-approved bar date procedures motion [Dkt. No. 453], the bar date to file a proof of claim asserting a claim arising before the Receivership was March 29,

2019 and the bar date for governmental units to file a proof of claim was April 12, 2019. In excess of 300 claims were filed. Parties holding investor claims and claims for unpaid redemptions were not required to file proofs of claim. Requests for payment of administrative claims, if any, incurred on or prior to June 30, 2022 are required to be filed by October 21, 2022 at 5:00 p.m. (ET).

A. Review of Claims

Pursuant to the Order approving the procedures to reconcile claims and verify interests, entered on December 1, 2020 (the “Claims Procedures and Verification Order”) [Dkt. No. 554], on March 9, 2021, the Receiver filed a Notice of Receiver’s Claims Analysis Report (the “Claims Report”), which set forth her determinations with respect to each of the filed claims. [Dkt. No. 564] Certain claims were allowed as filed or pursuant to previously reached settlements, others disallowed in total, and others partially allowed. The Claims Report provides the basis for the disallowance or partial disallowance for each of the claims, as applicable.

Claimants had until April 23, 2021 (unless an extension was mutually agreed upon in writing) to object to the Receiver’s determinations in the Claims Report. Thirteen claimants, asserting multiple claims, objected to the Receiver’s determinations in the Claims Report. The Receivership Team reached out to each of the claimants that objected to the claim determinations and engaged in discussions to reconcile the claims. Certain of these discussions resulted in consensual resolutions or the withdrawal of claims, including one resolution reached following a formal mediation.

With respect to certain claim objections for which no resolution was reached, in accordance with the procedures set forth in the Claims Procedures and Verification Order, on November 12, 2021, the Receiver filed an Omnibus Motion to Confirm Receiver’s

Determinations [Dkt. Nos. 597] (the “Claims Motion”). Responses to the Claims Motion and subsequent briefing occurred during the first quarter of this year. The Claims Motion is currently under consideration by the Court.

B. SHIP Escrow Motion

In connection with the completion of the Receiver’s claim review and final determination of all claims, on March 18, 2022, the Receiver filed her Motion for an Order (I) Permanently Enjoining any Prosecution of Claim No. 145 and (II) Confirming the Receiver’s Authority to Consent to the Release of the Indemnity Escrow Amount (the “SHIP Escrow Motion”). The SHIP Escrow Motion has its roots in the Court’s earlier approval of the Receiver’s July 1, 2020 settlement with Senior Health Insurance Company of Pennsylvania in Rehabilitation (“SHIP”) and Fuzion Analytics, Inc. (“Fuzion”), Dkt. No. 536-2 (the “Settlement”). The Settlement and a separate settlement with certain other parties, which collectively resolved, in substantial part, a contentious litigation commenced by the Receiver against SHIP, Fuzion and certain other parties, in which the Receiver, *inter alia*, (i) challenged, as fraudulent conveyances under the New York Debtor and Creditor Law certain transactions in which the chief investment officer of PPCO Portfolio Manager caused PPCO Master Fund to issue nearly \$70 million of purported secured debt in order to finance its purchase or discharge of certain worthless or grossly overvalued loans to three distressed companies, and (ii) asserted certain other claims for damages. *See* Receiver’s First Amended Complaint in *Cyganowski v. Beechwood Re Ltd.*, 18-12018 (S.D.N.Y.), Dkt. No. 83, ¶¶ 221-258, 341-426. The Settlement resolved the Receiver’s claims regarding a substantial portion of purportedly secured debt, but did not address two matters. The first matter relates to a portion of the debt held by PGS, which is jointly owned by PPCO and PPVA. The SHIP Escrow Motion does not address that portion of the purported debt, which the Receiver has now resolved

with PPVA. The second matter, which is the focus of the SHIP Escrow Motion, deals with the Settlement's requirement that, within two (2) business days of the Effective Date (as defined by the Settlement), the Receiver make a wire transfer of \$4,530,155.68 (the "Indemnity Escrow Amount") to the "Indemnity Escrow Agent" (as defined by the Settlement), with the Indemnity Escrow Amount to serve as indemnification by SHIP of the Receiver to the extent that certain parties listed on the Debt Registry⁷ with respect to putative ownership by (i) PBLA ULICO 2017; (ii) BBIL ULICO 2014; and (iii) OMNIA Ltd. (the "Putative Lenders") of some portion of the debt (the "Unresolved Portion"), or their agent, BAM Administrative Services, LLC ("BAM"), acting on their behalf, sought payment on the Unresolved Portion.

The Indemnity Escrow Amount is governed by a separate escrow agreement dated July 31, 2020 (the "Escrow") by and among Melanie L. Cyganowski, in her capacity as the Receiver, Patrick H. Cantilo, in his capacity as Special Deputy Rehabilitator for SHIP, and by Wilmington Trust, National Association, as Escrow Agent.

The Escrow acknowledged, by reference to the Settlement, SHIP's agreement to indemnify and hold harmless the Receivership Entities and certain other entities "from all suits . . . claims, proofs of claim . . . and liabilities, including, without limitation, reasonable attorneys' fees and expenses, arising from the PBLA ULICO 2017 Lender of Record Interests, the BBIL ULICO 2014 Lender of Record Interest and/or the OMNIA Lender of Record Interest, up to a maximum of the Indemnity Escrow Amount." Escrow, 1.

In a separate letter agreement between the Receiver and SHIP that governed distributions by the Escrow Agent (the "Indemnity Escrow Procedures Letter"), the Receiver and SHIP were required to jointly direct the Escrow Agent to release the Indemnity Escrow Amount upon the

⁷ The "***Debt Registry***" refers to a document that is attached to the Settlement as Exhibit A. See Dkt. No. 536-1 at 20 of 33.

entry of final, non-appealable order that a claim (the “BAM Claim”) asserted by BAM in the Receivership is invalid as to the Unresolved Portion. Now that the Receiver has disallowed the BAM Claim and no party objected to her determination, the BAM Claim is permanently disallowed. SHIP has now demanded that the Receiver release the Indemnity Escrow to it based on its position that the Settlement and the Indemnity Escrow Procedures Letter require its release. To satisfy the condition precedent to the release of the Indemnity Escrow Amount, pursuant to the SHIP Escrow Motion, the Receiver requested that the Court confirm her determination and permanently enjoin any further prosecution of the BAM Claim, with the exception of any portion of the BAM Claim representing a portion owned by PGS.

In sum, because no party challenged or otherwise objected to the Receiver’s determination to disallow the BAM Claim within the time established by the Claims Procedures and Verification Order, the Receiver, by the SHIP Escrow Motion, requested that the Court: (i) confirm the effect of the Receiver’s Disallowance by permanently enjoining any further prosecution of the BAM Claim; and (ii) under certain circumstances, confirm the Receiver’s authority to release the \$4,530,155.68 Indemnity Escrow Amount to SHIP.

On June 14, 2022, the joint provisional liquidators and authorized foreign representatives (“JPLs”) of PB Life and Annuity Co., Ltd. and Omnia, Ltd. filed an Objection to the SHIP Escrow Motion [dkt. Nos. 637-639], and on June 24, 2022, the Receiver responded to that objection [dkt. No 640]. The SHIP Escrow Motion is currently *sub judice*.

The Receiver also engaged in various informal communications and settlement negotiations with the JPLs regarding the SHIP Escrow Motion, the Receiver provided informal document discovery to counsel for the JPLs, and counsel for the JPLs provided the Receiver with confidential position statements.

C. Review of Investor Interests

The Claims Report solely relates to general unsecured claims and secured claims. In accordance with the Claims Procedures and Verification Order, investors in PPCO, including unpaid redeemers, received a letter that contains information regarding that investor's equity interest in one or more Receivership Entities (the "PPCO Investor Statement"). The PPCO Investor Statement sets forth the amounts invested in one or more Receivership Entities and the amounts previously received as distributions on account of the investor's equity interest, all as reflected in the books and records of the Receivership Entities. Investors had an opportunity to review the information provided and to refute the information, but solely on the basis that the books and records of the Receivership Entities are inaccurate, which was required to be supported by documentation from the investor.

D. Plan of Distribution

The amounts reflected in the Claims Report and the PPCO Investor Statement are not necessarily equal to or indicative of any recoveries a creditor or investor may receive from one or more Receivership Entities. As previously reported, the timing of distributions may be impacted by, among other things, the resolution of certain of the larger disputed claims (for which the establishment of reserves may be required if not resolved prior to the approval of a plan of distribution) and the assets available for distribution. The filing of the plan of distribution was put on hold as the Receiver sought to finalize the claims reconciliation process and priority of distribution asserted by certain creditors.

Although the filing of the plan of distribution has been temporarily put on hold, during the Reporting Period, the Receivership Team continued to review and update the Plan. Ultimately, through a motion seeking approval of a plan of distribution, the Receiver will seek

the Court's approval of, among other things, (i) the distribution methodology to apply in calculating the distribution to be made on account of each claim and equity interest and (ii) the treatment of claims and equity interests under the plan of distribution.

Investors and creditors will have the opportunity to object to the plan of distribution and any of its provisions, including the distribution methodology and treatment of claims and equity interests. The Receiver cannot at this time state what distributions will ultimately be to creditors and investors.

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. For the reasons stated in the Receiver's previous Status Reports and in the Receiver's Response to Minute Order [Dkt. No. 516], the Receiver continues to believe that winding down the case, administering claims and seeking approval of a plan of distribution is in the best interest of creditors and investors.

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. On January 22, 2020, the Court issued an Order on the docket finding that compelling the Receiver to file a bankruptcy petition at that point would not be in the best interest of all parties. The Receiver believes the Court's finding is particularly applicable at this time as the Receiver is reaching the end of the claims reconciliation process and will then be prepared to file a plan of distribution.

EXHIBIT A

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

	Period from 07/01/2022 to 09/30/2022			Cumulative Total from 7/7/2017 to 09/30/2022		
	PPCO	PPLO	Total	PPCO	PPLO	Total
Cash (Beginning of Period)	\$ 14,918,466	\$ 3,484,524	\$ 18,402,990	\$ 7,788,872	\$ 1,617,492	\$ 9,406,363
Receipts						
Business Income	-	-	-	-	-	-
Cash and Securities	-	-	-	24,596	-	24,596
Interest/Dividend Income	4,925	-	4,925	124,174	91,472	215,646
Asset Sales and Third-Party Litigations Proceeds	10,000	-	10,000	84,544,835	1,829,706	86,374,541
Other Receipts	-	-	-	801,896	3,294	805,190
Total Receipts	\$ 14,925	\$ -	\$ 14,925	\$ 85,495,502	\$ 1,924,472	\$ 87,419,973
Disbursements						
Disbursements to Investors/Claimants	-	-	-	(17,874,754)	-	(17,874,754)
Disbursements for Receivership Operations	-	-	-	-	-	-
Disbursements to Receiver or Other Professionals	(442,682)	-	(442,682)	(31,121,842)	(2,575)	(31,124,417)
Business Asset Expenses	(149,134)	-	(149,134)	(7,727,560)	(35,825)	(7,763,385)
Personal Asset Expenses	-	-	-	-	-	-
Investment Expenses	-	-	-	(19,698,926)	-	(19,698,926)
Third-Party Litigation Expenses	-	-	-	-	-	-
Tax Administrator Fees and Bonds	-	-	-	(115,814)	(19,039)	(134,854)
Federal and State Tax Payments	-	-	-	-	-	-
Disbursements for Distribution Expenses Paid by the Fund	-	-	-	(2,175,096)	-	(2,175,096)
Disbursements to Court/Other ¹	-	-	-	(228,806)	-	(228,806)
Total Disbursements	\$ (591,816)	\$ -	\$ (591,816)	\$ (78,942,798)	\$ (57,440)	\$ (79,000,238)
Cash (End of Period)	\$ 14,341,575	\$ 3,484,524	\$ 17,826,099	\$ 14,341,575	\$ 3,484,524	\$ 17,826,099

¹ Disbursement to PPVA for its share of proceeds from the sale of interest in Cokal Limited

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) Carbon Credits	Participations in PPVA deals
6) Celsius Resources Ltd	Common Stock
7) China Horizon Investment Group Ltd.	Loan Receivable
8) Claus Shelling Family Trust	Life Settlements Portfolio
9) Credit Card Receivables Portfolio	Loan Receivable
10) Decision Diagnostics Corp.	Preferred Stock
11) Environmental Service Professionals, Inc.	Common Stock
12) Khorrami Pollard & Abir, LLP	Loan Receivable
13) Golden Gate Oil LLC	Notes Receivable
14) Millennium Healthcare, Inc.	Common Stock
15) MMP Resources Limited (f/k/a Sino Construction)	Common Stock
16) Montsant Partners LLC	Loan Receivable
17) Nisayon International Inc.	Loan Receivable
18) Over Everything LLC	1) Loan Receivable 2) Common Stock
19) Urogen Pharmaceuticals, Inc.	1) Note Receivable 2) Preferred Stock
20) Xcell Energy Inc.	Loan Receivable
21) Yellow River	Common Stock

Receivership Property List

PPLO Assets

Company Name	Asset Description
1) Alcyone Resources Limited	1) Common Stock 2) Note Receivable
2) Black Elk Energy Offshore Operations LLC	Note Receivable
3) China Cablecom Holdings Ltd.	1) Common Stock 2) Preferred Stock
4) Misung Polytech	Loan Receivable
5) Ochre Group Holdings Limited	Common Stock
6) Wexford Petroleum Corporation	Common Stock

Receivership Property List

Jointly Held PPCO / PPLO Assets

Company Name	Asset Description
1) Platinum Partners Value Arbitrage Fund	Loan Receivable