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Via ECF

April 28, 2017

Chief Judge Dora L. Irizarry  
United States District Court  
Eastern District of New York  
225 Cadman Plaza East  
Brooklyn, NY 11201

**Re: *SEC v. Platinum Management (NY) LLC et al.*, Civil Case No. 16-cv-6848 (DLI)(VMS)**

Dear Chief Judge Irizarry:

We are counsel to Bart M. Schwartz (the "Receiver"), the court-appointed receiver for defendant Platinum Credit Management, L.P. ("Platinum Credit") and certain related entities (collectively, the "Receivership Entities"). We write to submit the public version of the Receiver's First Quarterly Status Report, attached hereto as Exhibit 1, as required under Paragraph 45 of the Order Appointing Receiver dated December 19, 2016, which Your Honor amended on January 30, 2017 [Document Nos. 6, 59-2].

As mentioned in our Application to File Certain Portions of the First Quarterly Status Report Under Seal [Document No. 129], unredacted copies of this report will be submitted to Your Honor in hard copy, in accordance with Your Honor's Individual Rule I.G.

Respectfully submitted,

/s/ Celia Goldwag Barenholtz  
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*Counsel to the Receiver*

cc: All counsel of record (via ECF)

Enclosures

# Exhibit 1

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

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SECURITIES AND EXCHANGE COMMISSION, :  
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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 (DLI)(VMS)

**THE RECEIVER’S FIRST QUARTERLY STATUS REPORT FOR  
THE PERIOD DECEMBER 19, 2016 THROUGH MARCH 31, 2017**

Bart M. Schwartz, the receiver (the “**Receiver**”) for Platinum Credit Management, L.P., Platinum Partners Credit Opportunities Master Fund LP, Platinum Partners Credit Opportunity Fund (BL) LLC, Platinum Liquid Opportunity Management (NY) LLC and Platinum Partners Liquid Opportunity Fund (USA) L.P. (collectively, the “**Receivership Entities**”) submits this First Quarterly Status Report (this “**Report**”) pursuant to this Court’s December 19, 2016 *Order Appointing Receiver*, as amended on January 30, 2017 (the “**Receiver Order**”).<sup>1</sup>

This Report, for the period from the Receiver’s December 19, 2016 appointment through the close of the first calendar quarter on March 31, 2017, summarizes the factual findings and actions taken by the Receiver through March 31, 2017, provides an accounting of the Receivership

<sup>1</sup> Capitalized terms used but not defined herein have the meaning ascribed to them in the Receiver Order.

Estate and briefly discusses certain actions the Receiver will take to prudently manage the assets entrusted to him. Specifically, this Report addresses the following topics in the following sections:

- Section I. Background
- Section II. The Receiver’s Actions to Date
- Section III. Financial Status of the Receivership Entities
- Section IV. Description of Receivership Property
- Section V. Investors and Creditors
- Section VI. Status of Receiver’s Investigations
- Section VII. Claims Held by the Receivership Estate

## I.

### **BACKGROUND**

#### **A. Platinum Partners**

Platinum Partners (“**Platinum**”) is a hedge fund founded in 2003 and based in New York, New York. Since approximately September 2011, Platinum, through Platinum Management (NY) LLC (“**PMNY**”) and its affiliated relying advisers, was registered with the United States Securities and Exchange Commission (“**SEC**”) as an investment adviser. Platinum managed multiple funds – principally Platinum Partners Value Arbitrage Fund, L.P. (“**PPVA**”), Platinum Partners Credit Opportunities Master Fund, L.P. (“**PPCO**”) and Platinum Partners Liquid Opportunity Master Fund, L.P. (“**PPLO**,” and together with PPCO, the “**Funds**”). Platinum charged its investors a two percent management fee and a 20% incentive fee. In March 2016, Platinum reported in its Form ADV, the uniform form used by investment advisers to register with both the SEC and state securities authorities, that it had \$1.7 billion in assets under management, including approximately

\$1 billion in gross asset value in PPVA, more than \$590 million in PPCO and approximately \$27.4 million in PPLO.

PPVA, established in 2003, was Platinum's signature hedge fund and marketed itself as a "multi-strategy fund designed to achieve significant risk-adjusted returns irrespective of the direction of any broader market activity." PPVA was a master fund comprised of the following feeder funds: (i) Platinum Partners Value Arbitrage Fund (USA) L.P.; (ii) Platinum Partners Value Arbitrage Fund (International) Ltd and (iii) Platinum Partners Value Arbitrage Intermediate Fund Ltd. Beginning in 2012, PPVA held primarily illiquid, "Level 3" assets as its portfolio had a significant stake in exploration-stage and developmental-stage energy companies.<sup>2</sup> In marketing materials sent to investors and prospective investors, Platinum reported that PPVA had returned profits of more than eight percent in 2015 and more than seven percent for the period from January 2016 through April 2016.

PPCO, established in 2008 and formerly known as Centurion Credit Management, LP, was Platinum's credit fund. PPCO acted as a master fund for the following feeder funds: (i) Platinum Partners Credit Opportunities Fund International Ltd.; (ii) Platinum Partners Credit Opportunities Fund International (A), Ltd.; (iii) Platinum Partners Credit Opportunities Fund (TE) LLC and (iv) Platinum Partners Credit Opportunities Fund, LLC. PPCO's stated primary investment strategy was to originate high-yield fixed income instruments, including notes, bonds and credit facilities. In marketing materials sent to investors and prospective investors, Platinum claimed that PPCO had returned profits of more than eight percent in 2015 and an average annualized return of 10.25% for the period from August 2007 through December 2015.

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<sup>2</sup> "Level 3 assets" are assets whose fair value cannot be determined using observable measures, such as market prices or financial models.

PPLO, established in 2009, was Platinum's liquid fund. PPLO acted as a master fund for the following feeder funds: (i) Platinum Partners Liquid Opportunity Fund (USA) LP and (ii) Platinum Partners Liquid Opportunity Fund (International) Ltd. PPLO's stated primary investment strategy was to invest and trade in, among other things, U.S. and non-U.S. equity and debt securities (both public and private), currencies, futures, forward contracts, other commodity interests, options, swap contracts and other derivative instruments.

**B. The PPVA Liquidation**

In August 2016, upon application of certain of PPVA's creditors, the Grand Court of the Cayman Islands directed that PPVA be placed into official liquidation, and the Grand Court appointed Matthew Wright and Christopher Kennedy of RHSW (Cayman) Limited as Joint Official Liquidators (the "**PPVA Liquidators**"). In October 2016, the Grand Court appointed Margot MacInnis and Nilani Perera of Borrelli Walsh as Joint Official Liquidators of the PPVA (International) Ltd. feeder fund. In December 2016, the same court appointed Margot MacInnis and Cosimo Borrelli of Borrelli Walsh as Joint Official Liquidators of the PPVA Intermediate Fund Ltd.

**C. Indictment of Certain Platinum Personnel**

On December 19, 2016, the United States Attorney's Office for the Eastern District of New York unsealed an eight-count indictment against seven individuals: Mark Nordlicht, the founder and Chief Investment Officer of Platinum; David Levy, the co-Chief Investment Officer of Platinum; Uri Landesman, the former Managing Partner and President of Platinum; Joseph SanFilippo, the Chief Financial Officer of Platinum's signature hedge fund; Joseph Mann, a member of Platinum's Investor Relations and Finance Departments; Daniel Small, a former Managing Director and co-Portfolio Manager of Platinum and Jeffrey Shulse, the former Chief

Executive Officer and Chief Financial Officer of Black Elk Energy Offshore Operations, LLC (“**Black Elk**”).

The indictment charged Nordlicht, Levy, Landesman, SanFilippo and Mann with securities fraud, investment adviser fraud, securities fraud conspiracy, investment adviser fraud conspiracy and wire fraud conspiracy for allegedly defrauding investors through, among other things, the overvaluation of their largest assets, the concealment of cash flow problems at PPVA and the preferential payment of redemptions. The indictment charged Nordlicht, Levy, Small and Shulse with securities fraud, securities fraud conspiracy and wire fraud conspiracy for allegedly defrauding Black Elk’s independent bondholders through a fraudulent offering document and diverting more than \$95 million in proceeds to Platinum by falsely representing in the offering document that Platinum controlled approximately \$18 million of the bonds when, in fact, Platinum controlled more than \$98 million of the bonds.

All defendants have pled not guilty. No trial dates have been set.

**D. The SEC Action and the Appointment of Bart M. Schwartz as Receiver**

On December 19, 2016, the same day as the indictment was unsealed, the SEC filed a civil action in this Court against the same seven individual defendants, together with PMNY, which was PPVA’s management entity, and Platinum Credit Management LP, which was PPCO’s management entity. In its complaint, the SEC made substantially similar allegations to those set forth in the indictment.

In connection with filing the civil action, the SEC sought and obtained the appointment of Bart M. Schwartz as Receiver of the Receivership Entities, the seven entities affiliated with the Funds. Mark Nordlicht consented to the appointment of Mr. Schwartz as Receiver of these entities.

On December 19, 2016, this Court also issued a temporary restraining order enjoining violation of the federal securities laws and directing that Mr. Schwartz be appointed Receiver. This Court subsequently entered a preliminary injunction on March 8, 2017 on similar terms and directed that Mr. Schwartz continue to act as Receiver pursuant to the Receiver Order.

**E. The Receiver Order**

The December 19, 2016 Receiver Order appointing Mr. Schwartz as Receiver of the Receivership Entities, as amended on January 30, 2017, as a general matter, requires the Receiver to marshal and preserve the assets of the Receivership Entities and to conduct an orderly wind-down of the Receivership Estate, including a responsible liquidation of assets and an orderly and fair distribution of those assets to investors.

The Receiver Order, among other things, dismisses existing management of the Receivership Entities from their positions of management and empowers the Receiver to manage, control, operate, and maintain the Receivership Entities. The Receiver Order further empowers the Receiver to: identify and take control of Receivership Property as well as all books and records of the Receivership Entities; manage and dispose of Receivership Property; make legally required payments to creditors, employees, and agents of the Receivership Estate; communicate with vendors, investors, governmental and regulatory authorities, and others, as appropriate; engage and employ professionals, including accountants, attorneys, and financial advisors; issue subpoenas; investigate transactions by and among Receivership Entities, defendants, and any other persons and entities; bring legal actions and defend others and take any other action that may be approved by this Court.

The Receiver Order directs the Receiver to “develop a plan [(the “**Liquidation Plan**”)] for the fair, reasonable, and efficient recovery and liquidation and distribution of all remaining, recovered, and recoverable Receivership Property.”

The Receiver Order also directs the Receiver to file and serve a full report and accounting of the Receivership Estate within thirty days after the end of each calendar quarter (the “**Quarterly Status Report**”). This is the Receiver’s First Quarterly Status Report.

## II.

### **THE RECEIVER’S ACTIONS TO DATE**

#### **A. Management of the Receivership Entities**

The day of his appointment, the Receiver terminated the employment of the indicted individuals and directed remaining personnel to have no further communications with the indicted individuals except at the direction of the Receiver. The Receiver also quickly assessed what staff the Receivership Entities would need on an ongoing basis and set separation dates with employees whose services would no longer be needed given the wind-down mode in which the Receivership Entities are now operating. Through this process, the Receiver reduced payroll from approximately \$625,000 per month as of December 15, 2016 to approximately \$300,000 per month as of March 31, 2017.

As of March 31, 2017, there were seven full-time back-office employees of the Receivership Entities and seven full-time investment professionals. The Receiver anticipates two to three additional separations during the second quarter, depending on the progress of the sale of certain assets. Since the first days of the Receivership, the Receiver and his team have been

meeting regularly with remaining personnel of the Receivership Entities and recently commenced working on inducements to encourage them to remain in their positions.

In addition to reducing costs through payroll reductions, the Receiver proceeded with a previously scheduled move to smaller, less expensive office space for Platinum personnel, which resulted in a decrease in rent from approximately \$160,000 per month (which prior Platinum management had not been paying for several months prior to the Receivership) to approximately \$19,000 per month as of March 31, 2017.

The Receiver moved quickly upon his appointment to transfer all Receivership Property to his control as Receiver, wherever applicable. This included transferring control over bank accounts and brokerage accounts; revising corporate documents as appropriate and issuing notices of the Receivership (appending the Receiver Order) to the Receivership Entities' business partners and counter-parties as appropriate.

**B. Communication with Investors and Creditors**

Consistent with the Receiver Order, communications with the Receivership Entities' nearly 320 investors and their legal and financial representatives have been frequent. In fact, the night of his appointment, the Receiver sent an email to investors and creditors informing them of his appointment as Receiver. On February 6, 2017, the Receiver sent a letter to investors with an update on the Receivership and outlining his plan for conducting the Receivership in a purposeful and prudent manner. The Receiver also requested that investors update their contact information using a self-addressed return envelope and list their preferred method of receiving communications going forward. In the letter, the Receiver announced the creation of a website, [www.platinumpartnersreceiver.com](http://www.platinumpartnersreceiver.com), which the Receiver uses as a means of communicating with investors, other stakeholders and the public.

The circumstances that gave rise to the Receivership have understandably caused a great deal of concern among investors. Though the Receivership team has responded to a variety of investor questions and requests, there are certain questions that arise most frequently.

For one, many institutional investors have their own reporting requirements and therefore need to know the value of their investments for their own financial reporting purposes. However, valuation takes time, particularly regarding a portfolio of largely illiquid assets such as the Funds hold. The status of the Receiver's efforts to value the portfolios and produce financial reports is discussed below.

A second common line of inquiry from investors is whether the Receiver intends to create an investor committee or other mechanism to use as a sounding board for certain investor related issues. The Receiver is contemplating convening such a committee or similar mechanism.

A third line of inquiry is specific to investors who redeemed some or all their Platinum investments prior to the Funds' suspension of redemptions, but who were not paid on their redemptions. These "Unpaid Redeemers" want to know whether the Receiver will award them higher priority over other investors in his Liquidation Plan because of their Unpaid Redeemer status and when they can expect payment in any event. These are questions that the Receiver cannot answer now. The Receiver is working with counsel to review relevant information so that an equitable waterfall of payments can be included in a Liquidation Plan to be filed with this Court. Creating a Liquidation Plan will also require the Receiver to conduct forensic work, e.g., determine whether and to what extent the assets of the Receivership Entities were commingled. The valuation of assets and the preparation and issuance of financial reports and tax filings are necessary prerequisites to the preparation of a Liquidation Plan and therefore are among the Receiver's highest priorities.

Creditors of the Receivership Entities also regularly reach out to the Receiver and his team to inquire about a claims process, priority of creditors in the Liquidation Plan and the timing and size of prospective payments. As explained in this Report, this matter is in its early stages, and it is premature to discuss the priority and amounts of payments to be made under the Liquidation Plan. The first step in this process will be to initiate a claims filing procedure, which the Receiver expects to do in the second quarter. Information about this process together with an online claims form will in the first instance be posted on the Receivership website. Mailings to known creditors about this process will ultimately follow, well in advance of any deadline the Receiver might impose for the assertion of claims.

**C. Valuation, Management and Disposition of Receivership Property**

The Receiver engaged Houlihan Lokey, Inc., a well-regarded independent, advisory-focused global investment bank, to value the assets of the Receivership Entities subject to the approval of this Court. The Receiver will use these valuation reports to inform his own valuation of the Receivership Estate. These valuation reports will also help the Receiver in evaluating the appropriateness of proposed transactions for the sale of Receivership Property.

At the same time as working with Houlihan Lokey to provide needed information about the investments held by the Receivership Entities, the Receiver and his team are working diligently to review the investments, preserve value and plan for their disposition. As described in Section IV of this Report, that process is still in its early stages. The Funds hold positions in approximately one hundred investments, many of which have lengthy histories involving multiple defaults, restructurings and other workouts.

At this early stage of the Receivership, the Receiver's principal goals are to preserve value and to move positions closer to liquidation events. At times, the Receiver has deemed it necessary

to commit additional capital to preserve the value of an investment. He does so only after significant due diligence and an independently formed confidence in the value being preserved and in the Receivership Entities' ability to recover the additional capital committed.

**D. Retention of Professionals**

As contemplated by the Receiver Order, the Receiver has applied for and obtained this Court's approval to retain professionals to assist him, including attorneys at Cooley LLP and investigators, accountants, researchers and financial professionals at Guidepost Solutions LLC ("**Guidepost**"), of which the Receiver is Chairman. The Receiver has also applied for this Court's approval to retain Houlihan Lokey as valuation experts and PricewaterhouseCoopers LLP to assist the Funds in their applications for tax extensions. In the second quarter, the Receiver expects to seek this Court's authority to retain additional counsel for certain specific portfolio investments and litigations, as well as auditors and other professionals.

**E. Litigation**

**1. The Black Elk Bankruptcy**

As initially entered, the Receiver Order stayed almost all litigation except for bankruptcy cases in which the Receivership Entities are involved. Almost immediately after his appointment, the Receiver determined that the bankruptcy case carve out to the stay of litigation was problematic due to the Texas bankruptcy case *In re Black Elk Energy Offshore Operations* (the "**Black Elk Bankruptcy**"). Prior to the Receivership, the Litigation Trustee in the Black Elk Bankruptcy instituted an adversary proceeding against the Funds and PPVA, alleging similar conduct as that alleged in the indictment and the SEC complaint described in Section I above. In connection with this adversary proceeding, the Black Elk Litigation Trustee sought and obtained from the Texas bankruptcy court a temporary restraining order that had the effect of preventing the Funds from

transferring or spending any money or disposing of any assets, without the Black Elk Litigation Trustee's consent.

The Texas court granted the temporary restraining order against the Funds based on a showing that prior Platinum management might dissipate assets if they were not enjoined from doing so. Upon appointment of the Receiver, however, these grounds no longer existed given the Receiver's control over the Funds' assets and the Receiver's mandate to preserve (rather than dissipate) Receivership Property. Accordingly, on January 9, 2017 the Receiver applied to this Court for relief from the Texas court's temporary restraining order and the removal of the bankruptcy carve out to the Receiver Order's stay of litigation.

As a result of the Receiver's motion, the Black Elk Litigation Trustee agreed to drop the temporary restraining order and consent to the removal of the bankruptcy carve out to the stay of litigation. This Court granted the Receiver's request to remove the bankruptcy carve out by order dated January 30, 2017.

## **2. Investment-Related Litigation**

The Receivership Entities and their subsidiaries were involved in dozens of lawsuits and other legal disputes at the time of the Receiver's appointment. The Receiver and his team have since spent a significant amount of time gaining an understanding of these lawsuits and determining for each lawsuit whether there is a benefit for the Receiver to assert the stay of litigation. These determinations required extensive discussions with attorneys that Platinum previously retained for these matters, together with the portfolio managers responsible for the investments. The determinations required assessing complex multi-party disputes, including matters involving PPVA and its affiliates.

Where the Receiver determined that it was best for a lawsuit to be stayed, he directed counsel to issue notice of the Receiver Order and its stay of litigation. Often follow-up status conferences and motion practice as to the applicability of the stay followed. Where the Receiver determined that it was best for a lawsuit to continue, such as where a Receivership Entity or its subsidiary or affiliate was in an offensive posture, the Receiver decided to apply to this Court to lift the stay of litigation. The Receiver has filed one lift stay application, which was granted and will soon be filing an application to lift the litigation stay in a few other actions.

In some cases, it is beneficial to the Receivership Estate to engage in mediation or otherwise work toward a resolution despite the stay of litigation. These litigation assessments and determinations are ongoing and the Receiver continues to look for opportunities to resolve issues for the benefit of the Receivership Estate.

**F. Expansion of the Receivership**

On March 23, 2017, the Receiver (with the consent of the SEC) requested that this Court expand his receivership to include certain “orphan” PPCO and PPLO entities, as well as PMNY, primarily for the sake of administrative efficiency and clarity of legal rights. This application is currently pending.

**G. Interactions with the PPVA Liquidators**

Based on the facts uncovered to date, it appears the Funds and PPVA were formerly managed by a common set of key principals, with several shared services, shared office space, overlap in investors and creditors and some overlap in investments. As discussed further in Section IV below, there are several investments in which PPCO holds equity and PPVA holds debt, or vice versa. Continued interaction and cooperation with the PPVA Liquidators is therefore critical to the successful administration of the funds in both jurisdictions.

The Receiver and his team have worked closely with the PPVA Liquidators and their legal and financial representatives to pursue the mutual best interests of the investors wherever possible. The Receiver and the PPVA Liquidators are also working together to preserve assets where the Funds and PPVA have joint investments and their interests are aligned. For example, the PPVA Liquidators are seeking access to documents and information in the possession of the Receiver, and the Receiver and his team are working to provide the PPVA Liquidators the information they need while also remaining cognizant of the Receiver's and the Receivership Entities' legal obligations. The Receiver expects the constructive working relationship with the PPVA Liquidators to continue.

### III.

#### **FINANCIAL STATUS OF THE RECEIVERSHIP ENTITIES**

As of March 31, 2017, the Receivership Entities collectively had \$11,645,885 in unencumbered funds, of which \$11,100,577 was held in cash in bank accounts and \$545,308 was held in brokerage accounts.

The largest account was the PPCO checking account, with \$10,872,272 in cash. Cash receipts from the beginning of the Receivership on December 19, 2016 through March 31, 2017, totaled approximately \$18.5 million, primarily from the successful resolution of a litigation finance investment paid on December 21, 2016 in the amount of approximately \$10.8 million and from the proceeds of a debt repayment on March 3, 2017 in the amount of approximately \$7.6 million. Cash disbursements from this account totaled approximately \$11.4 million during the same time period, primarily due to the payment of life insurance premiums in connection with PPCO's life settlements portfolio, as described in Section IV below (approximately \$3.1 million); litigation finance payments (approximately \$1.8 million); upkeep and maintenance of investment assets

(approximately \$1.6 million); legal settlements involving portfolio companies (approximately \$1.4 million); tax payments (approximately \$480,000); interest on secured debt (approximately \$370,000) and transfers to the Platinum Capital Management LP account, as discussed further below (approximately \$2.0 million).

The Platinum Credit Management LP checking account held \$37,802 in cash as of March 31, 2017. Cash receipts from December 19, 2016 through March 31, 2017, totaled \$2,006,210 which came entirely from transfers from the PPCO checking account. This went to payroll, rent, office expenses, moving expenses, employee reimbursement, taxes and insurance.

The PPLO checking account holds \$716,322 in cash. Cash receipts totaled \$392,190 due to sales of common stock positions in two publicly traded companies. Cash disbursements of approximately \$108,000 were a result of interest on margin and some currency fluctuation.

Other Receivership Entities do not have material cash or other unencumbered funds.

#### IV.

#### **DESCRIPTION OF RECEIVERSHIP PROPERTY**

The Funds' investment portfolios largely consist of private debt and equity positions in a variety of operating companies. Investments encompass all levels of the capital structure with a concentration in senior debt. The investments are considered "Level 3" assets which are largely illiquid positions and fair values can only be calculated using estimates.

Historically, Platinum's strategy was to issue high yield debt to companies that due to size, complexity or other reasons did not otherwise have access to the capital markets. Platinum satisfied this need and earned high interest on its debt positions. In many circumstances, that high interest complicated the companies' ability to meet their obligations, which in turn enabled Platinum to increase its control or exact more favorable economic terms.

The Receivership team is reviewing all aspects of the portfolio in-depth by reviewing and performing assessments of a company's management team, operating plans, capital requirements, historical performance and capital structure. In addition, the team is assessing the current market in which the business operates, its participants, value drivers and outlook. These factors are essential to independently assess the value of an investment, evaluate any ongoing capital needs, as well as minimize and monitor risk factors. In certain cases, independent, industry-specific expertise may be required to advise the Receiver of various matters pertaining to portfolio companies. This will be assessed on a case by case basis.

To augment the ongoing valuation work being performed by the Receivership team, the Receiver engaged Houlihan Lokey to perform an independent review of each investment in the portfolio. Houlihan Lokey has deep experience in the valuation of illiquid positions and its marketplace experience, knowledge of comparable companies and transactions serve as an additional component of valuation methodology.

In the coming months, the Receiver will establish and chair a Valuation Committee that will review and evaluate all relevant financial, company, market and due diligence information as well as the inputs and reports from Houlihan Lokey or other independent experts to assign a value to each position in the portfolio. The valuations established by this Committee, which will be comprised of internal team members, will form the basis of the Receiver's attestation of the portfolio's value. When constituted, the Committee will convene on a routine or as-needed basis to review and assess the value of positions to enable the Receiver to communicate the estimated value of the portfolio to investors, many of whom rely on this information for their own reporting, audit, or regulatory requirements.

In addition, the Receivership Entities' auditors, when engaged, will plan and perform an audit in accordance with generally accepted auditing standards to obtain reasonable assurance that the financial statements are free from material misstatement. The audit will also include an assessment of accounting principles and significant estimates made by management. As part of their substantive testing, the auditors will examine the existence and valuation of the investment positions to express an opinion on the financial statements.

For purpose of this Report, the Receiver is providing the most recent estimated and unaudited values for the positions, which were established prior to Receivership's inception.<sup>3</sup> *The Receiver's ultimate valuations may be materially different from these numbers and may be materially different than the values ultimately realized upon liquidation.*

As previously mentioned, significant work is underway by the Receivership team and Houlihan Lokey to review a voluminous amount of material on roughly one hundred investments held in over thirty special purpose vehicles and subsidiaries. As previously outlined, the Receiver is working towards being in position to report his own independent view on valuation. However, prematurely reporting valuations without first ascertaining and evaluating all the facts could have negative unintended consequences. For example, the Receivership Entities' institutional investors report their own net asset values to their investors, and in some cases, to regulators. The premature establishment of values, which may be materially different from the values that the Receiver will put forward in several months' time, could be detrimental to these investors. In addition, the Receivership Entities have certain obligations, such as loan covenants, that could inadvertently be triggered if certain net asset values are breached. The establishment of estimated values is

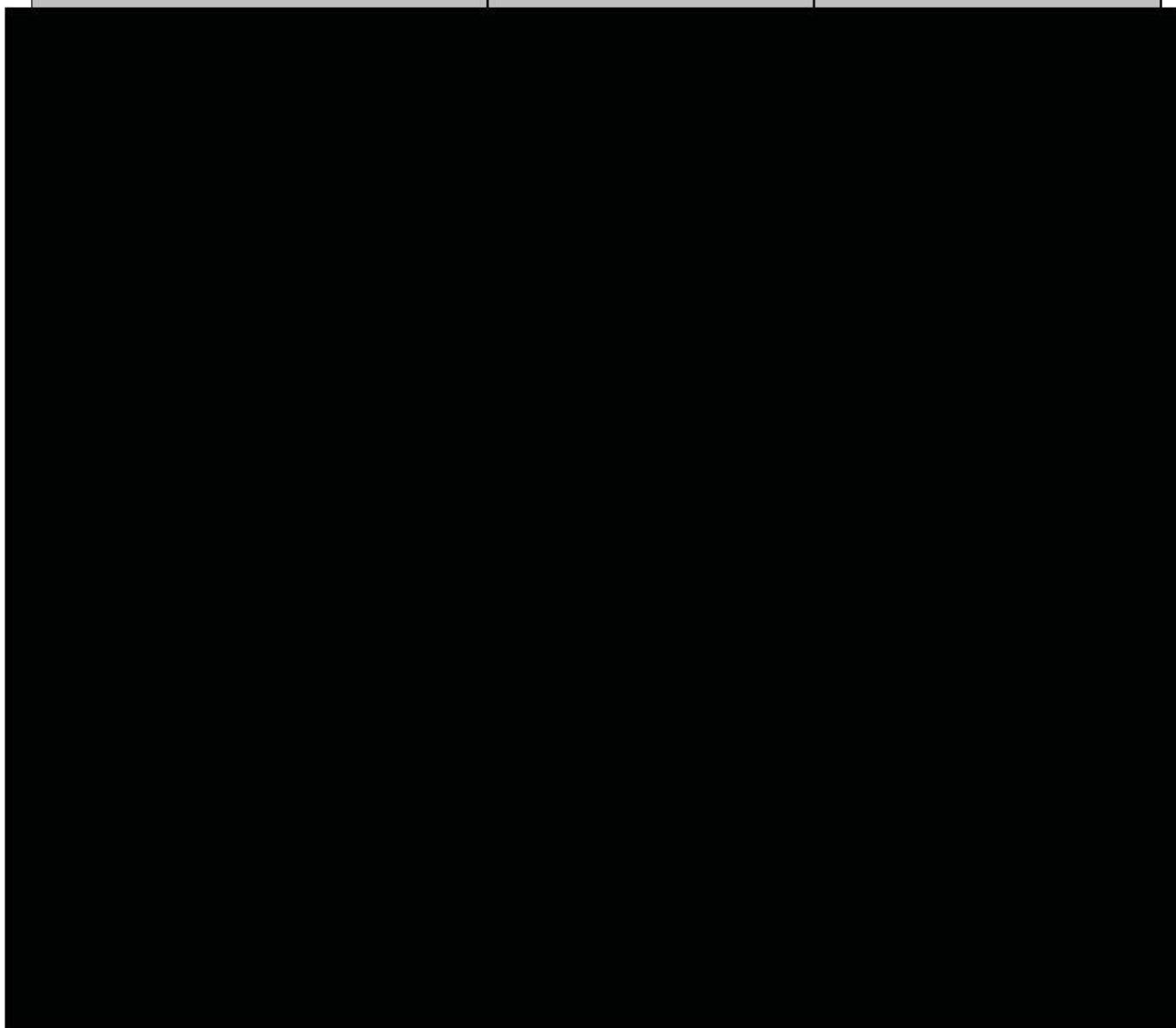
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<sup>3</sup> For the PPCO fund, the valuation date is September 30, 2016. For the PPLO fund, the valuation date is June 30, 2016.

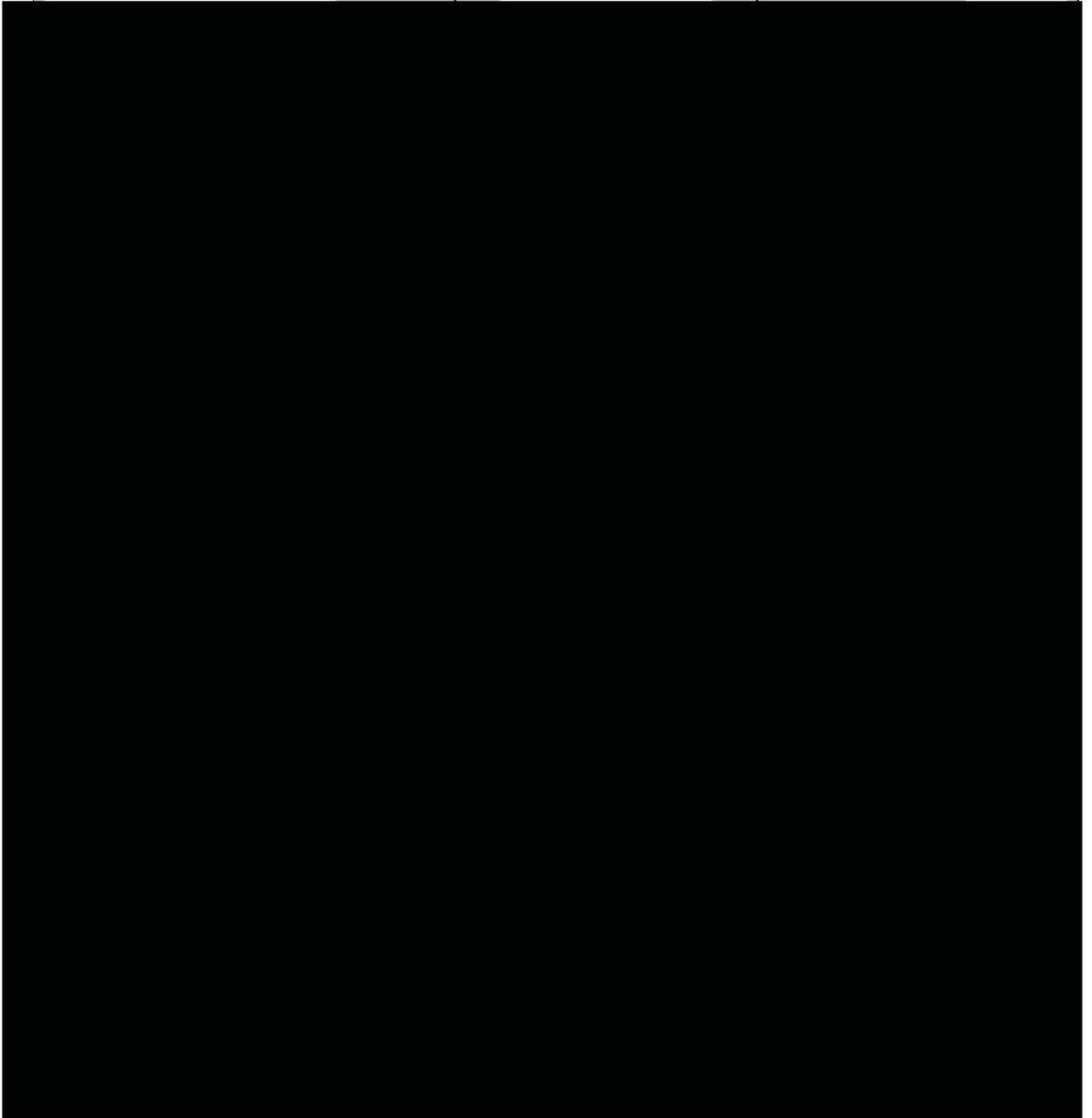
something the Receiver takes very seriously, and therefore the valuation process must be allowed to proceed in its proper course.

The following investments represent the positions held by PPCO as of the most recent valuation date, September 30, 2016. *Valuations were made by prior management, and by including them here, the Receiver is not “vouching” for those valuations or representing them as accurate.* All amounts are in U.S. Dollars.

Investment Description	Investment Type	Estimated & Unaudited Value
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Investment Description	Investment Type	Estimated & Unaudited Value
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The following investments represent the positions held by PPLO as of the most recent valuation date, June 30, 2016. *Valuations were made by prior management, and by including*

*them here, the Receiver is not “vouching” for those valuations or representing them as accurate.*

All amounts are in U.S. Dollars.

Investment Description	Investment Type	Est. & Unaudited Value



machinery with an estimated recovery rate of 68%, JDS estimated a total gold recovery of [REDACTED] oz.

The Receivership team is currently evaluating the operating steps and capital requirements that would be necessary to put the on-site infrastructure in place to commence the processing of the tailings. If the Receiver decides to move forward with such a plan, it would be with the goal of selling the investment after proving its value to prospective buyers.

### **Northstar Offshore Group, LLC**

Northstar Offshore Group, LLC (“**Northstar**”), an oil company headquartered in Houston, Texas, leases over \$500 million of proven undeveloped reserves located in federal waters in the Gulf of Mexico.

In August 2016, three unsecured creditors filed an involuntary bankruptcy petition against Northstar in the Southern District of Texas Bankruptcy Court. The company undertook a process to raise funds to pay off the unsecured creditors and to commence several asset development projects to increase monthly cash flow. This effort proved unsuccessful. The company then consented to the relief under Chapter 11 and filed a preliminary motion for authority to obtain postpetition debtor in possession (“**DIP**”) financing from Arena Investors, LLC, a hedge fund based in New York.

PPCO is both a second lien lender and common equity holder of Northstar. Working on behalf of PPCO, the Receiver sought to make a joint proposal with other second lien lenders, including the PPVA Liquidators, to replace the existing DIP financing. This proposal would have enabled PPCO (and the other second lien lenders) to gain better control of the Northstar bankruptcy process, thus affording the Receiver better ability to preserve value. However, PPVA’s

Liquidation Committee did not agree to the terms of the proposed plan, and therefore the plan could not be adequately funded.

It is possible that the current DIP financier may move for a Section 363 bankruptcy sale of the assets of Northstar in the next several months. Based on macroeconomic and other factors, including the availability of other oil properties both offshore and onshore, significant market interest is not anticipated. If no action is taken, this may certainly harm the recovery to PPCO, other second lien lenders, and equity holders. Nevertheless, the Receiver is currently evaluating alternative approaches to protecting the value of PPCO's position in Northstar.

### **ALS Capital Ventures**

PPCO owns a majority interest in ALS Capital Ventures ("**ALS**"), a company that is in the life settlements business where the company purchases policies from insured individuals at a discount to the policy death benefit in exchange for making future insurance premium payments and the rights to receive the death benefit.

ALS successfully executed a sale of certain policies in Q1 2017, which is expected to net PPCO several million dollars. Efforts are currently underway to monetize the remaining tranche of policies in Q2 2017 for a significantly higher net benefit to PPCO. The resulting sale will eliminate the position entirely, generate cash for PPCO and eliminate PPCO's obligation to make premium payments on the policies.

### **Principal Growth Strategies**

PPCO owns a minority interest in Principal Growth Strategies ("**PGS**"), an entity jointly held with PPVA. PGS' principal investment was its majority stake in Agera Energy, LLC. In Q2 2016, Agera Energy was sold for cash and certain noncash consideration. As part of the sale, PGS received \$54.6 million of Agera Class C Preferred Shares, \$40.6 million of which were attributable

to PPCO. The Class C Preferred Shares are to be redeemed by the company in cash and non-cash assets. The Receiver is currently working with the purchasers of Agera Energy to facilitate the full redemption of the Class C Preferred Shares and expect this activity to be completed in the coming months.

████████████████████  
████████████████████ owns and operates the ██████████, an underground coal mine located two miles south of ██████████.

The mine is currently on a care and maintenance program and is costing PPCO approximately \$80,000 per month to maintain. If the mine is not returned to production and remains dormant, the mining permits and land leases will eventually expire and the asset will turn into a liability on the books of PPCO.

The mine manager has identified buyers for the coal, if mine operations can be restarted. The restart of the mine and the generation of cash may improve the positioning of the company and garner more robust market interest in a potential sale. The Receiver is currently reviewing the position to determine appropriate next steps.

████████████████████ **Advanced Biofuels**

████████████████████ Advanced Biofuels (“████████████████████”) is a dry mill ethanol production facility currently engineered to produce a maximum of approximately 18 million gallons a year. ██████████ ██████████ can also manufacture over 40,000 tons of dried distiller grains and 40,000 tons of wet distiller grains as saleable co-products. It is 100% owned by West Ventures LLC (“**WV**”), a wholly owned subsidiary of PPCO.

Originally structured as a senior secured loan to PPCO, ██████████, in March 2013, filed a voluntary petition for bankruptcy relief under Chapter 11. In October 2013, the bankruptcy court

approved WV's asset purchase agreements under Section 363 of the Bankruptcy Code. The case was subsequently converted to a Chapter 7 liquidation. Following completion of this transaction, WV owned 100 percent of the equity of [REDACTED]. The facility stopped production in August 2015 due to poor margins.

The Receiver's current priority is to clear [REDACTED] of its judgments and senior liens to prepare the asset for sale and streamline the sale process. The Receiver expects to be evaluating options to monetize the position in Q2 or Q3 2017.

[REDACTED]  
[REDACTED] LTD (ASX: [REDACTED]) is a publicly traded, Australian-managed minerals company focused on developing mining projects. The company has gold and iron ore assets in Goias State in central Brazil.

PPCO's position consists of notes, common stock, a 2% royalty interest on the mines in Brazil and a 50% stake in a coal mine prospect.

The company requires additional capital to get its mine back into production and is currently looking to raise capital from third parties. The Receiver is reviewing his options to monetize the position.

[REDACTED]  
[REDACTED] Pharmaceuticals Inc. ("[REDACTED]") is a clinical stage, urology-focused specialty pharmaceutical company. Its primary product, [REDACTED], is a patented drug application for the treatment of [REDACTED], a specific type of bladder pain afflicting more than 5 million Americans. It is a proprietary combination of [REDACTED] and [REDACTED] (both FDA approved products) and is currently in Phase II testing with [REDACTED].

The company has undertaken several positive steps to position itself to raise external financing, an effort that is currently underway. Additional capital is required to successfully complete the Phase II testing of [REDACTED]. The Receiver is currently reviewing how best to support [REDACTED] in this phase in order to improve its positioning, but as the Phase II trials have not yet been completed, the Receiver does not anticipate a liquidity event in [REDACTED] in the near term.

[REDACTED] Energy Solutions (“[REDACTED]”) leases gas fired turbine generators to customers in the oil and gas industry. In the fall of 2016, the company defaulted on its loan with PPCO and PPCO commenced litigation. PPCO currently has a temporary restraining order in place with a preliminary injunction hearing scheduled for June 2017.

Following his appointment, the Receiver recognized that he would have to either sell PPCO’s position in [REDACTED] or invest further funds with uncertain results. To avoid expenditure of further funds, the Receiver in March 2017 entered into a Letter of Intent for the sale of PPCO’s debt and equity positions to [REDACTED], a [REDACTED]-based financier, for \$4 million of cash, plus a potential earn out which may be earned under various conditions. \$3 million of the consideration will be paid at closing; the remaining \$1 million will be paid 18 months after closing.

[REDACTED] Oil and Gas, Inc. (“[REDACTED]”) is an independent oil and natural gas exploration, development and production company with assets in Michigan and California.

In October 2016, the company completed a successful sale of its Kentucky asset, which generated \$4.5 million and reduced the outstanding loan balance due to PPCO.

The Receiver and the company are in the process of evaluating the technical data that was recently taken on the company’s Michigan asset. If the technical review yields favorable results,

the Receiver will take the steps necessary to preserve and maximize PPCO's investment. The Receiver and the company are still evaluating the technical data from the company's Michigan asset and will be further evaluating the position in the coming months.

**██████████ Limited**

██████████ Limited ("██████████") (ASX: ██████████) is a publicly traded company that engages in the identification, development and exploration of metallurgical coal primarily in Indonesia.

In 2014 and 2015, PPCO loaned funds to ██████████ though PPCO wholly owned subsidiary ██████████, LLC which were intended to be short term bridge loans helping the company bridge to a much larger financing which ██████████ was undertaking. The PPCO loans are secured by ██████████'s ownership in the mines.

In July 2016, Platinum entered into a term sheet to restructure the debt into a royalty, which would enable ██████████ to raise additional capital and thereby make PPCO's interest more easily saleable. The proposed restructuring would only convert PPCO's position from debt to a royalty upon ██████████'s successful capital raise that would support the production of at least 100,000 tons of coal per year. The Receiver expects to complete this restructure in Q2 2017.

**██████████ Gold Corp**

██████████ Gold Corp. ("██████████") is an exploration stage company engaged in the acquisition and exploration of mineral properties in Utah and Arizona. It is a jointly held investment of PPCO and PPVA. The resource base has been estimated at over 50,000 ounces of gold. However, recent drilling indicates there may be substantially more ounces of gold that could be certified.

PPCO has made small defensive investments to protect ██████████'s equipment from repossession/auction. However additional funds are required to restart operations and perform an

up to date, independent gold certification. The company needs a total of \$3.5 million over the next six months to restart the mine, commission an independent certification of gold ounces, and to alleviate any equipment lease issues the company is facing. The Receiver is currently reviewing the position to determine next steps.

**Arabella Exploration, Inc.**

Arabella Exploration, Inc. (“**AEI**”) is an independent oil and natural gas company focused on the acquisition, development, exploration and exploitation of onshore oil and natural gas reserves in the Delaware Basin in West Texas.

Prior to the Receiver’s appointment, PPCO, through a subsidiary, made a \$16 million loan to AEI (the “**Arabella Loan**”). The Arabella Loan was secured by all of AEI’s assets and was guaranteed and secured by the assets of AEI’s subsidiaries, Arabella Exploration, LLC (“**AEX**”) and Arabella Operating LLC (“**AO**”). AEX and AO also pledged their assets to secure the Arabella Loan. PPCO’s ability to receive a return of its principal on the Arabella Loan, let alone the required interest, was materially adversely affected after AEI failed to make payments due to PPCO under the Arabella Loan and (i) subsequent challenges were made to the validity of PPCO’s liens and claims and (ii) other claimants alleged superior interests in the collateral securing the Arabella Loan.

In late December 2016, in order to avert possible imminent damage to the collateral securing the Arabella Loan as a result of foreclosure actions in Texas, the Receiver entered into an agreement with a funder called 30294 LLC under which the funder agreed to purchase 45% of PPCO’s interest in and under its secured investment in AEI in exchange for providing \$500,000 to pay lawyers representing PPCO and lawyers and professionals working for AEI, AEX and AO (the “Participation Agreement”). The threatened foreclosures did not occur.

The Receiver recently participated in a court-supervised mediation in Texas to reach resolution on a number of the pending disputes amongst multiple parties. As a result of the mediation, all parties, with one exception, were able to reach an amicable resolution of those issues. The Receiver applied to this Court on April 25, 2017 for authority to enter into the contemplated settlement agreement.

**██████████ Group**

██████████ Gold, LLC (“██████████”), a subsidiary of ██████████, Inc., owns a 49% interest in ██████████ in ██████████, Colorado.

Though the mine had been successful in the production of gold for decades, inefficient milling operations led to financial conditions that resulted in the eventual default on the company’s debt agreement with PPCO.

In December 2011, the company entered into a loan and security agreement with PPCO for a revolving facility in the maximum amount of \$25 million. In December 2012, the company and PPCO entered into a forbearance agreement, which terminated in March 2013. Shortly thereafter, PPCO initiated a foreclosure process. The Receiver is currently reviewing the position to determine next steps.

██████████

██████████, Inc. (“██████████”) f/k/a ██████████, Inc., incorporated in 2006, focuses on the development of an augmented reality software platform. In late 2016, the company successfully raised \$15 million from Chinese retail and Internet giant Alibaba in exchange for a 25% stake. The Funds’ holding consists of preferred stock, common stock, and options. The Receiver is currently reviewing the most effective way to monetize the holding.

**██████████ Limited**

██████████ Group Ltd. (“██████████”) is a Singapore investment company specializing in strategic investments of steel making raw materials, base metals, agriculture, precious metals and stones and logistics infrastructure. It has four core business segments including investment holding, sterilization, property, mineral and energy resources. It is publicly listed on the SGX (Singaporean Stock Exchange) under the ticker symbol ██████████.

Together with PPVA, PPCO owns an interest in ██████████, LLC, an entity established to loan funds to ██████████. In total, nearly \$30 million was loaned to ██████████ by ██████████. On April 6, 2016 ██████████ entered into a settlement agreement in which it foreclosed on the collateral, which consists of shares and debt held by ██████████ as well as shares in ██████████ itself. To date, some of the securities have already been distributed to PPVA and PPCO, some have been distributed to ██████████, and some have not yet been transferred. Some of the interests that have not yet been transferred include shares and debt in ██████████, another of PPCO’s holdings.

Jointly with PPVA, efforts are currently underway to complete the transfer of the remaining collateral, which the Receiver expects to be completed soon.

**██████████ Corporation**

██████████ Corp. (OTCQB: ██████████) primarily provides brand management, digital content and influencer-based marketing to the cannabis industry. It is a PPLO only investment. The company is currently pre-revenue, has a \$32 million market cap, and is thinly traded. PPLO owns convertible debt, common shares, and warrants. Though the company is publicly traded, the average trading volume is less than 2,500 shares per day. The Receiver is reviewing the investment to determine next steps and the optimal way to monetize the position.

**██████████ Corporation**

██████████ Corporation is a privately-held California-based onshore oil and gas company with a primary focus in California and the Western United States. It acquires and redevelops oil and gas properties with relative low current production and significant underdeveloped reserves.

PPCO foreclosed on the non-performing investment and is currently operating the assets under a joint venture with ██████████ Petroleum. Though the current production capacity is roughly 1,800 barrels a month, the current production is nil because oil production was halted due to a pollution violation. PPCO paid \$40,000 to remediate the situation and clear the violation, which was lifted in March 2017. The Receiver is currently reviewing the position to determine the next steps.

**PPVA**

In addition to several co-investments in portfolio companies, PPCO historically served as a lender to PPVA. These loans took the form of a revolving line of credit secured by the assets of PPVA. PPVA paid down the line through a combination of cash payments and in some cases, the transfer of investments. As of the valuation date, the outstanding balance owed to PPCO by PPVA is roughly \$4.3 million.

**Litigation Finance**

The litigation finance portfolio comprises interests in the outcome of various legal matters. This may include the furtherance of litigation or participation in settlements. As several cases represent ongoing litigation, additional payments may be required to preserve the Funds' position. The Receiver is evaluating the merits and risks of the ongoing funding of these positions on a case by case basis.

Position	Description
[REDACTED]	

Commitments of Additional Capital

As referenced above, in certain cases the Receiver may determine it necessary to commit additional capital to an existing position if he determines it to be in the best interest of creditors and investors. The following is a brief outline of the Receiver’s approach when assessing the merits and risks of committing additional capital to an existing investment.

Principally, the Receiver may commit additional capital to a position if at least one of the following conditions is met:

1. It preserves or protects value.
2. It helps position the company for sale.
3. It enables a material positive outcome for investors.
4. It limits real or potential liability.

The Receiver seeks approval for commitments of capital only when he believes it is in the best interests of investors and where the failure to act may have a material negative effect.

When evaluating the merits and risks of a commitment of additional capital, an assessment and review process occurs at multiple levels under the supervision of the Receiver prior to seeking any approval.

1. The Guidepost team, along with retained Platinum investment professionals, review and monitor the investment and review company performance, capital requirements and exit strategies. Guidepost then performs an independent review of the investment merits and risks of the commitment of additional capital. This may include meeting with management, analyzing company reports, reviewing business plans, examining financial statements and meeting with independent experts. Guidepost reviews and assesses the economic condition of the business, the likelihood of success and the basic economics of the industry and how it is likely to develop. Guidepost then performs and reviews the investigative due diligence on the company. This may include a review of credit scores, bank and vendor relationships, principals or litigation history.

2. In cases where industry-specific subject matter or market expertise is required, independent experts may be retained (subject to Court approval) to provide additional input to the receivership team.

3. Houlihan Lokey performs an independent assessment of the company and a Generally Accepted Accounting Principals compliant valuation.

4. If requested, Cooley or other counsel assesses any legal issues or risks.

5. The various elements of the analysis are presented to the Receiver for final review.

The multiple levels of review and assessment, by Guidepost, Houlihan Lokey, legal counsel and ultimately the Receiver, is intended to function in a streamlined and effective manner so that the Receiver can act swiftly as portfolio conditions require. Though a robust and effective due diligence process is aimed at minimizing risk, it does not eliminate risk entirely. The job of

the Receiver is to review the merits and risks of the commitment of additional capital and to determine the course of action he believes is in the best interest of creditors and investors.

**V.**

**INVESTORS AND CREDITORS**

The following is a list of known creditors and unpaid redemptions in the Funds as of March 31, 2017. As noted above, a formal claims process has not yet been initiated and the information below may be materially different than the final certified claims against the Funds. A listing of investors in PPCO and PPLO is included in Appendix C and Appendix D attached hereto.

**PPCO Lenders - as of March 31, 2017**

Lender	Principal	Accrued Interest
<b>Totals</b>	<b>\$64,773,660</b>	<b>\$1,101,841</b>

**PPCO Unpaid Redemptions – as of March 31, 2017**

PPCO Investor	Amount Due	Audit Holdback <sup>4</sup>

<sup>4</sup> Amount represents the portion of the investor’s redemption that is subject to holdback pending the completion of audited financial statements. It is subject to adjustment depending on the final, audited value of the Fund.

PPCO Investor	Amount Due	Audit Holdback <sup>4</sup>
<b>Totals</b>	<b>\$ 24,803,493</b>	<b>\$ 3,439,517</b>

**PPLO Lenders - as of March 31, 2017**

Not applicable.

**PPLO Unpaid Redemptions**

PPLO Investor	Amount Due	Audit Holdback <sup>5</sup>
Totals	\$ 6,398,395	\$ 130,579

Outstanding Payables – PPCO, PPVA, PPLO <sup>6</sup>	Remaining Balance <sup>7</sup>

<sup>5</sup> Ibid.

<sup>6</sup> Invoices that were not received by March 31, 2017 have not been included in this report. This list excludes law firm payables, which are set forth in Appendix B.

<sup>7</sup> These are the total balances between PPCO, PPLO and PPVA. Some amounts may be entirely or partially attributable to PPVA.

Outstanding Payables – PPCO, PPVA, PPLO <sup>6</sup>	Remaining Balance <sup>7</sup>
<b>Grand Total</b>	<b>\$ 2,663,982</b>

In addition to the forgoing, since the inception of this case, former Platinum employees Mark Nordlicht, the founder and Chief Investment Officer of Platinum, Joseph Mann, a member of Platinum’s Investor Relations and Finance Departments, Uri Landesman, the former Managing Partner and President of Platinum and Daniel Small, a former Managing Director and co-Portfolio Manager of Platinum, asserted indemnification claims and requested the advancement of their respective legal fees and costs against certain Receivership Entities arising out of the litigation pending against them. The Receiver has indicated to these claimants that he is not in a position to conclude that a basis exists for their claims. Even if the Receiver determines that there is a basis for these claims, the Receiver does not intend to pay these claims outside of the plan of liquidation.

**VI.**

**STATUS OF THE RECEIVER’S INVESTIGATIONS**

The Receiver and his team are actively investigating various transactions and activities of the Receivership Entities prior to the Receivership. This investigation began with efforts by the Receiver to identify financial entities and accounts in which the Receivership Entities and their prior management held an interest or which they controlled and for which they authorized the

transfers of funds between and among Platinum accounts and entities. The Receiver and his team have begun analyzing financial data to identify and validate the transactions that involve the transfer of cash into or out of accounts or entities led or controlled by the Receivership Entities or their prior management.

The Receiver and his team have reviewed numerous transactions, and the available related documentation, including: (1) loan agreements with individuals or entities; (2) brokerage and margin accounts maintained, authorized, or controlled by the Receivership Entities or their prior management at Goldman Sachs, Credit Suisse, ED&F Capital, Prime Capital, Huran Capital LLC, Interbrokers LLC, JH Darbie, and May Bank and (3) charitable contributions made on behalf of the Receivership Entities or their prior management.

The transactions and the margin accounts established by prior management are substantial. The Receiver is currently investigating whether the Receivership Entities, through their prior management, overleveraged their various margin accounts resulting in margin calls, requiring the Receivership Entities to transfer additional capital to the respective brokerage firms to avoid liquidation of the equities held by the brokerage firm as collateral.

The Receiver is also investigating the June 2016 sale of Agera and the application proceeds from the sale of that entity.

The details of the financial positions of PPCO and PPVA, and the circumstances of the indebtedness of PPVA to PPCO, continue to be a focus of the Receiver's investigations. The team is in the process of reviewing more than a year's worth of financial information related directly and indirectly to the operation of the Receivership Entities, including a review of PPVA and PPCO inter-fund transfers, loans, loan guarantees and capital transfers. During the month of April 2016 alone, approximately \$17 million was transferred between PPCO and PPVA in the form of non-

cash capital transactions, margin calls, and margin excess (i.e., cash in the form of a loan from the brokerage entity).

The Receiver and his team will continue to review and analyze financial records of the Receivership Entities, attempt to secure independent third party records including brokerage account records (including through subpoenas if necessary) and identify any securities or assets used as collateral for the margin accounts that are still maintained at the various brokerage firms and are negotiable.

## VII.

### **CLAIMS HELD BY THE RECEIVERSHIP ESTATE**

The Receiver Order provides that this Report should include a “description of liquidated and unliquidated claims held by the Receivership Estate, including the need for forensic and/or investigatory resources; approximate valuation of claims; and anticipated or proposed methods of enforcing such claims.” The Receiver has already retained forensic and investigatory resources through the team at Guidepost. However, due to the early stage of the Receivership, the Receiver has not yet reached a conclusion as to the existence of claims held by the Receivership Estate, the approximate value of these claims or the anticipated or proposed methods of enforcing such claims.

The Receiver Order grants the Receiver an array of powers to investigate and pursue claims, including subpoena power, investigative authority and the authority to initiate lawsuits. The Receiver is prepared to utilize the tools at his disposal to marshal assets of the Receivership Estate, including through the pursuit of claims. The Receiver will report on the status of his ongoing evaluation of potential claims in future reports.

VIII.

CONCLUSION

This Report illustrates the preliminary stage and evolving status of the Receivership. The Receivership has been extraordinarily active. With approximately 100 largely illiquid positions to liquidate, assorted investigations and potential claims to pursue, investor and creditor claims against the Receivership Estate to resolve, valuations and financial reports to issue and a Liquidation Plan to prepare and execute, the Receiver and his team have a great deal of work ahead of them. The Receiver is not yet able to estimate when this Receivership will conclude, but he is committed to diligently pursuing a fair and equitable wind-down process with the submission of a Liquidation Plan and interim distributions commencing as soon as reasonably possible.

Dated: April 28, 2017  
New York, NY

/s/ Bart M. Schwartz  
Bart M. Schwartz

*Receiver for Platinum Credit Management, L.P.;  
Platinum Partners Credit Opportunities Master  
Fund LP; Platinum Partners Credit Opportunity  
Fund (BL) LLC; Platinum Liquid Opportunity  
Management (NY) LLC; and Platinum Partners  
Liquid Opportunity Fund (USA) L.P.*

## Appendix A

The following exhibit is an unaudited overview of the changes in PPCO’s cash balance for the period from December 19, 2016 to March 31, 2017.<sup>1</sup>

### **Platinum Partners Credit Opportunities Fund LP and affiliated entities –**

#### **Standardized Fund Account Report<sup>2</sup>**

Cash	\$	3,859,135
Investments		<u>605,509,410<sup>3</sup></u>
Beginning Balance (As of 12/19/2016):	\$	609,368,545 – Gross Asset Value

#### **Increases in Fund**

##### **Balance:**

Business Income		
Cash and Securities		
Interest/Dividend Income		
Business Asset Liquidation		39,874,859
Value of assets upon Disposal		<u>(19,717,591)</u>
Net Realized upon Sale of Asset		20,157,269

#### **Personal Asset**

##### **Liquidation**

Third-Party Litigation Income		
Miscellaneous - Other		76,759

#### **Decreases in Fund**

##### **Balance:**

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<sup>1</sup> The PPLO checking account has a balance of \$716,322 as of March 31, 2017. As described in Section III above, this is roughly \$284,000 higher than at the beginning of the period. The Receiver is currently reviewing and updating the PPLO books and records. As the books are not yet in final form, a more complete reporting of PPLO is not yet available as of the filing date of this Report.

<sup>2</sup> The Fund’s books and records are on an accrual basis. As such the opening balances include all accrued income, expenses, and valuation adjustments through 12/19/2016.

<sup>3</sup> This estimated and unaudited amount represents the investments held by the firms as of December 19, 2016. Valuations were made by prior management, and by including them here, the Receiver is not “vouching” for those valuations or representing them as accurate.

Disbursements to Investors	(21,807,840) <sup>4</sup>
Disbursements for Receivership Operations	
Disbursements to Receiver or Other Professionals	
Business Asset Expenses	(2,167,749)
Personal Asset Expenses	
Investment Expenses	(1,684,969)
Third-Party Litigation Expenses	
1. Attorney Fees	
2. Litigation Expenses	
Total Third-Party Litigation Expenses	
Tax Administrator Fees and Bonds	
Federal and State Tax Payments	(582,680)
<b>Total Disbursements for Receivership Operations</b>	<b>(26,243,237)</b>
Cash	10,929,160
Investments	<u>592,430,176</u>
<b>Ending Balance (As of 03/31/2017):</b>	<b>\$ 603,359,335<sup>5</sup></b>

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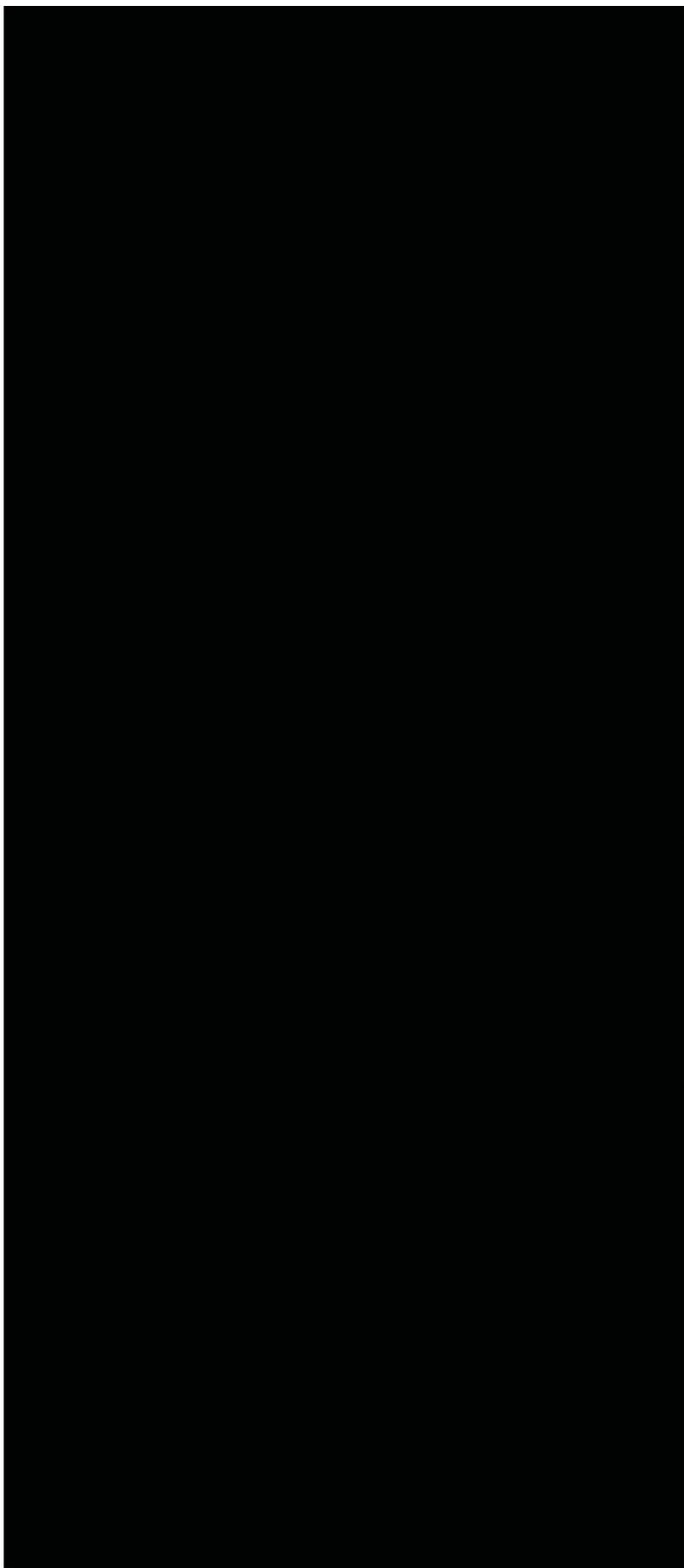
<sup>4</sup> Disbursements to investors represent repayments of loans from secured debt holders upon PPCO's sale of the assets securing the applicable debt.

<sup>5</sup> Ending Gross Asset Value takes into account only cash basis activity from 12/19/2016 – 3/31/2017. It excludes any accrued income, accrued expenses and adjustments to the fair value of investments for this period.

## **Appendix B**

The following chart contains a summary of all known outstanding law firm payables as of March 31, 2017, excluding Receiver's counsel at Cooley LLP, which will be making a separate fee application to the Court. Law firm invoices that were not received by March 31, 2017 have not been included in this report. Some of the listed amounts may be partially or entirely PPVA related and therefore are not the responsibility of the Funds. We are currently reviewing all outstanding bills to determine the amount and nature of each invoice, to sort out fees incurred pre-receivership vs. post-receivership, etc.

<b>Law Firm</b>	<b>Remaining Balance</b>
[REDACTED]	



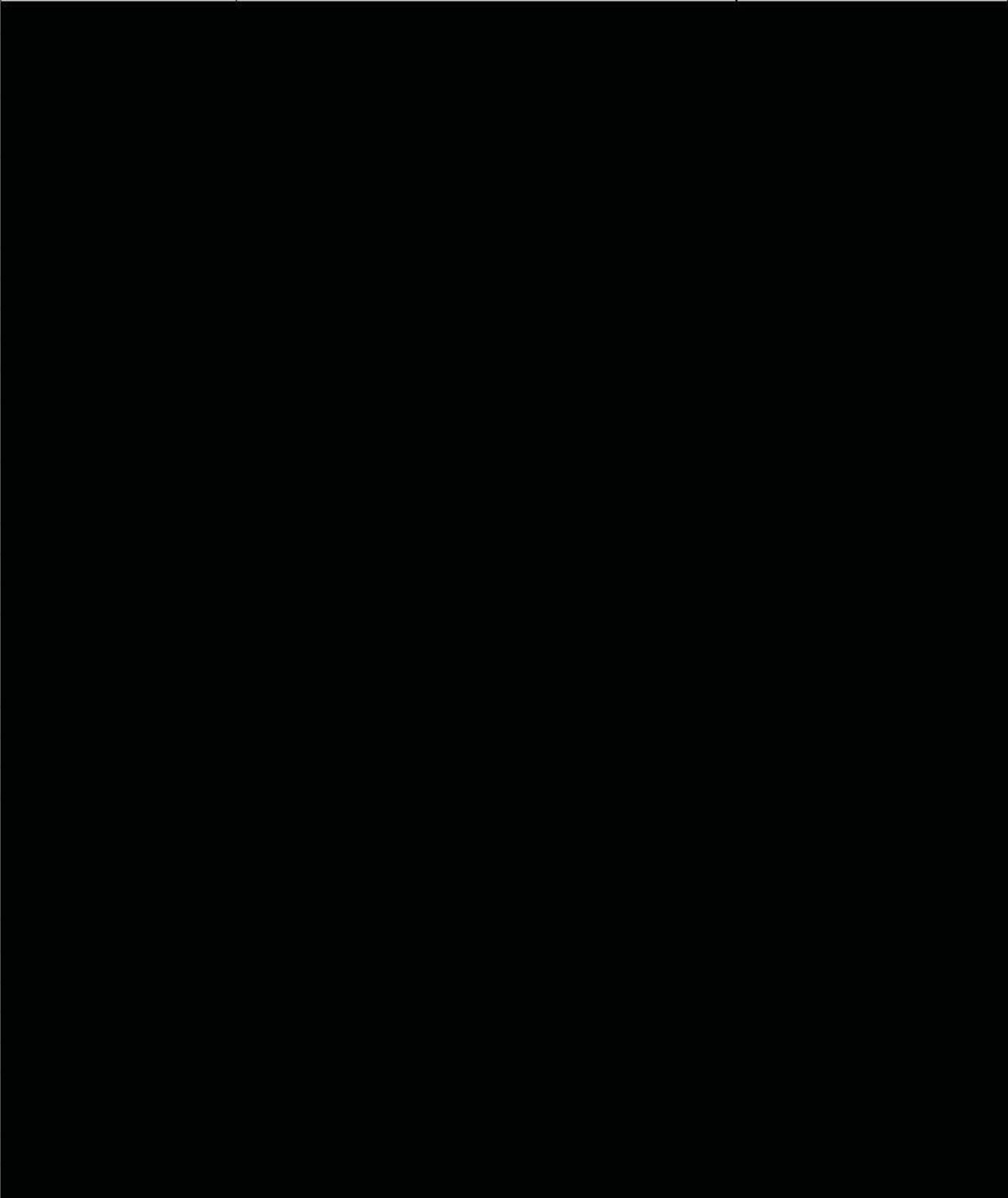


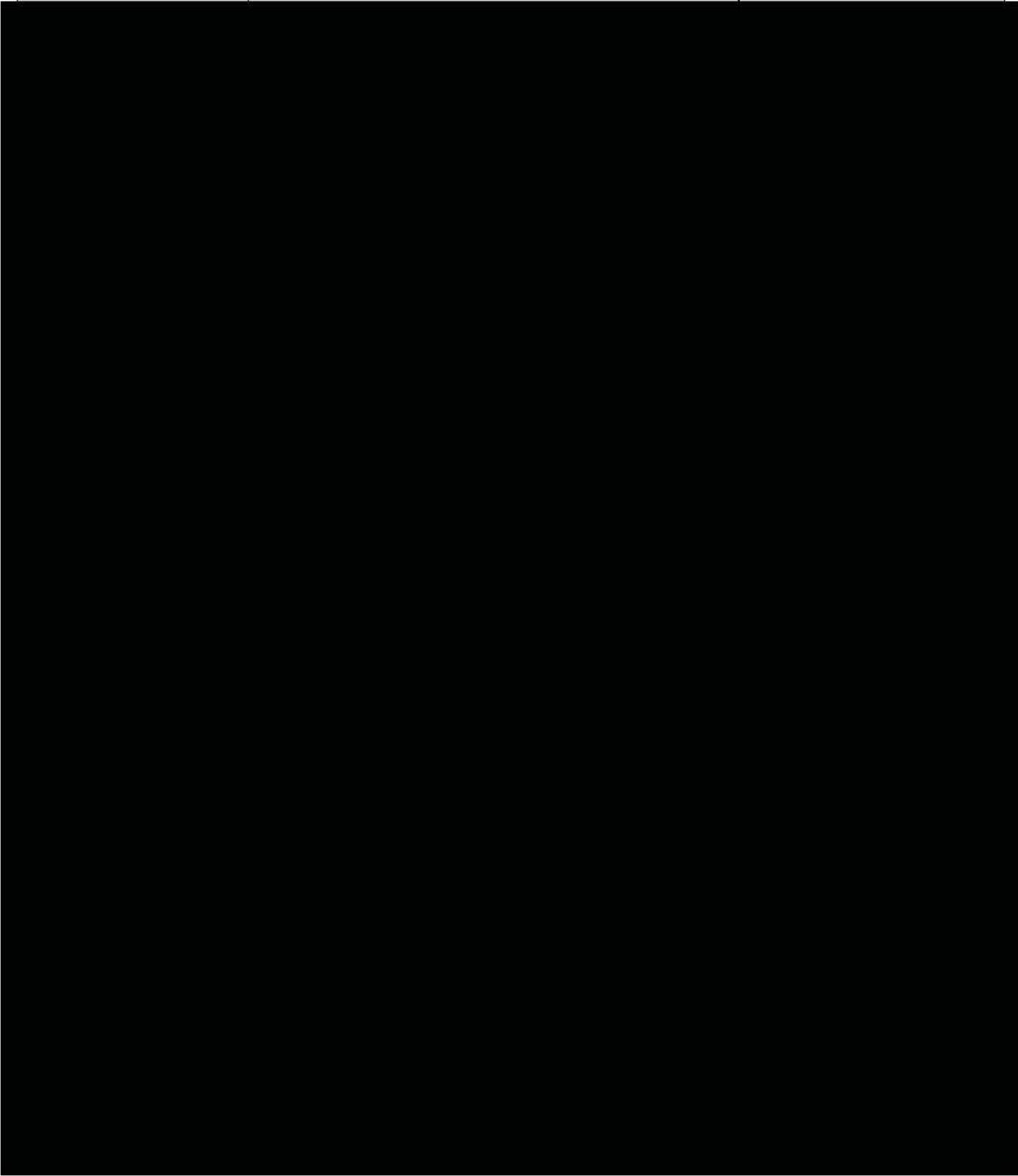
<b>Totals</b>	<b>\$ 9,832,517</b>
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## Appendix C

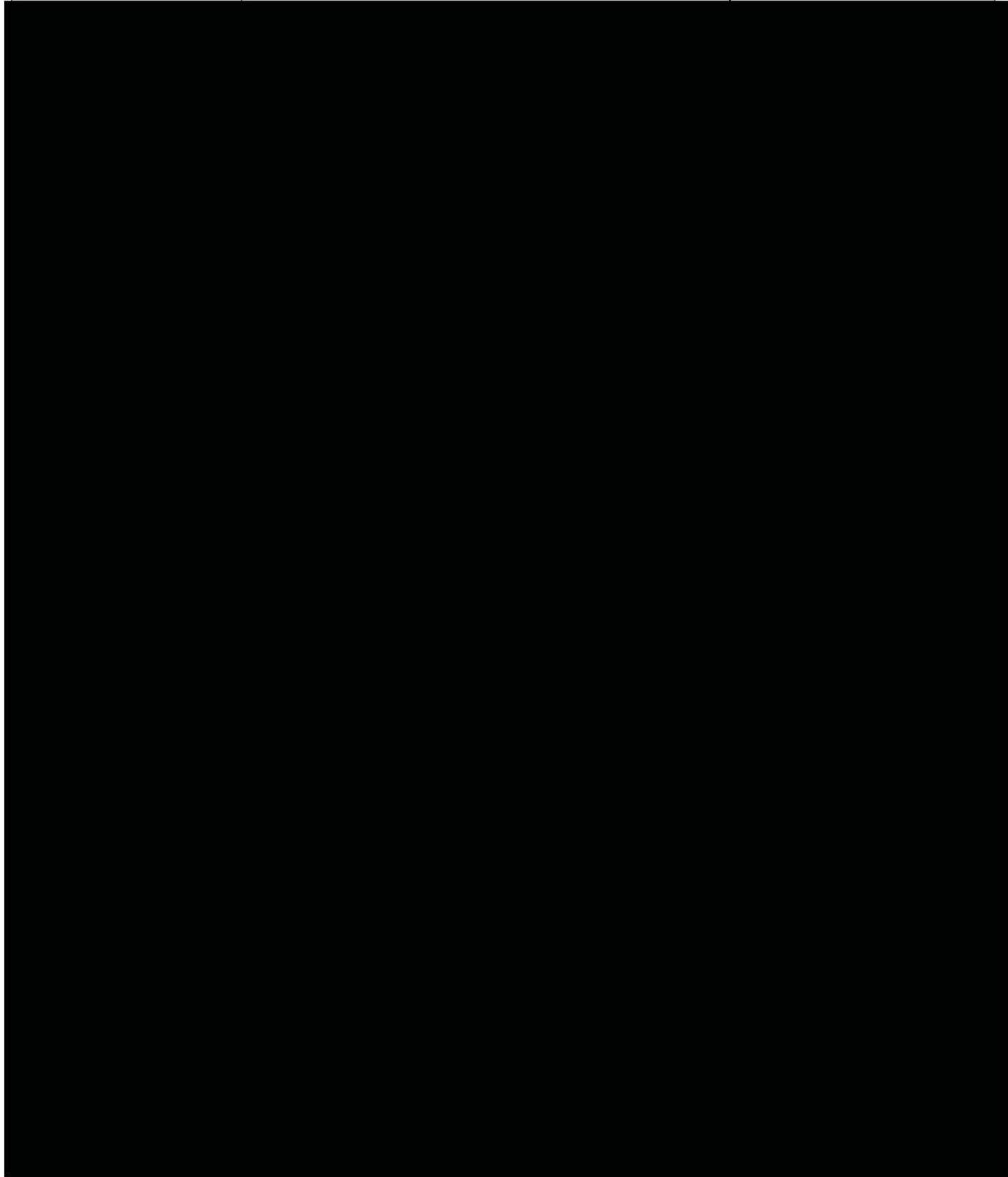
**List of PPCO Investors (consolidated). Amounts estimated and unaudited as of 9/30/2016**

Fund	Investor	Est & Unaudited Capital Balance – as of 9/30/2016

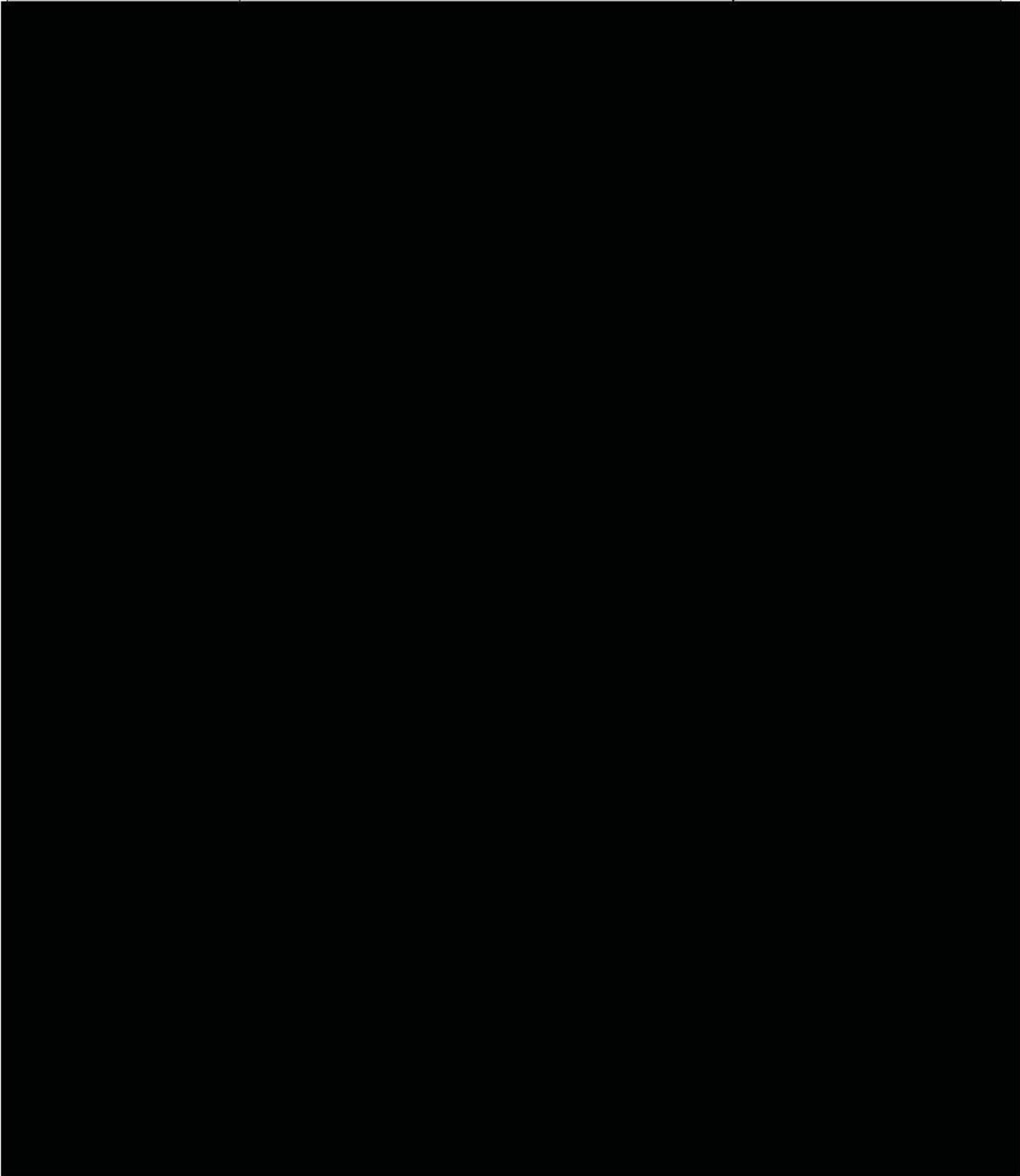
<b>Fund</b>	<b>Investor</b>	<b>Est &amp; Unaudited Capital Balance – as of 9/30/2016</b>
		

<b>Fund</b>	<b>Investor</b>	<b>Est &amp; Unaudited Capital Balance – as of 9/30/2016</b>
		

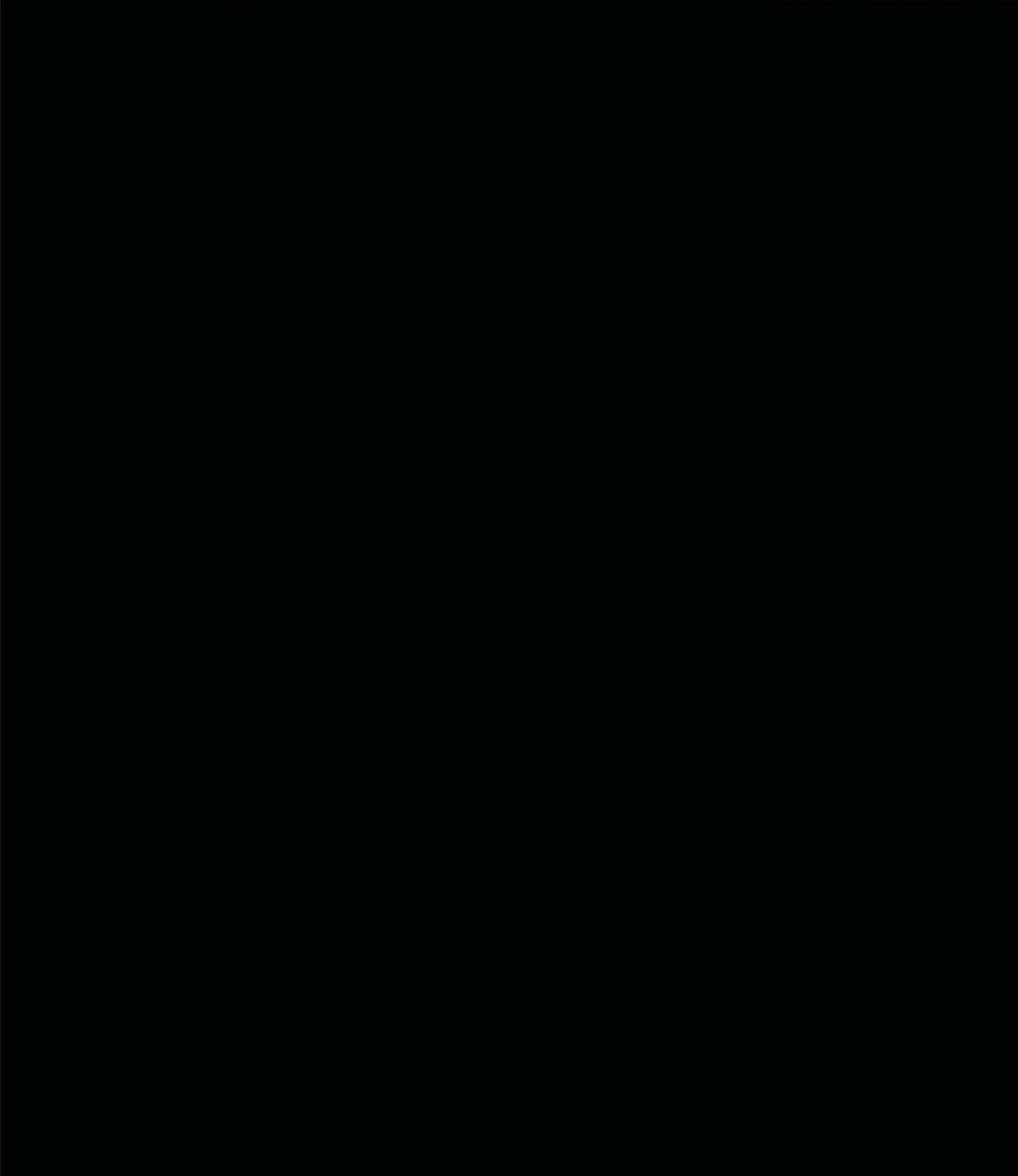
<b>Fund</b>	<b>Investor</b>	<b>Est &amp; Unaudited Capital Balance – as of 9/30/2016</b>
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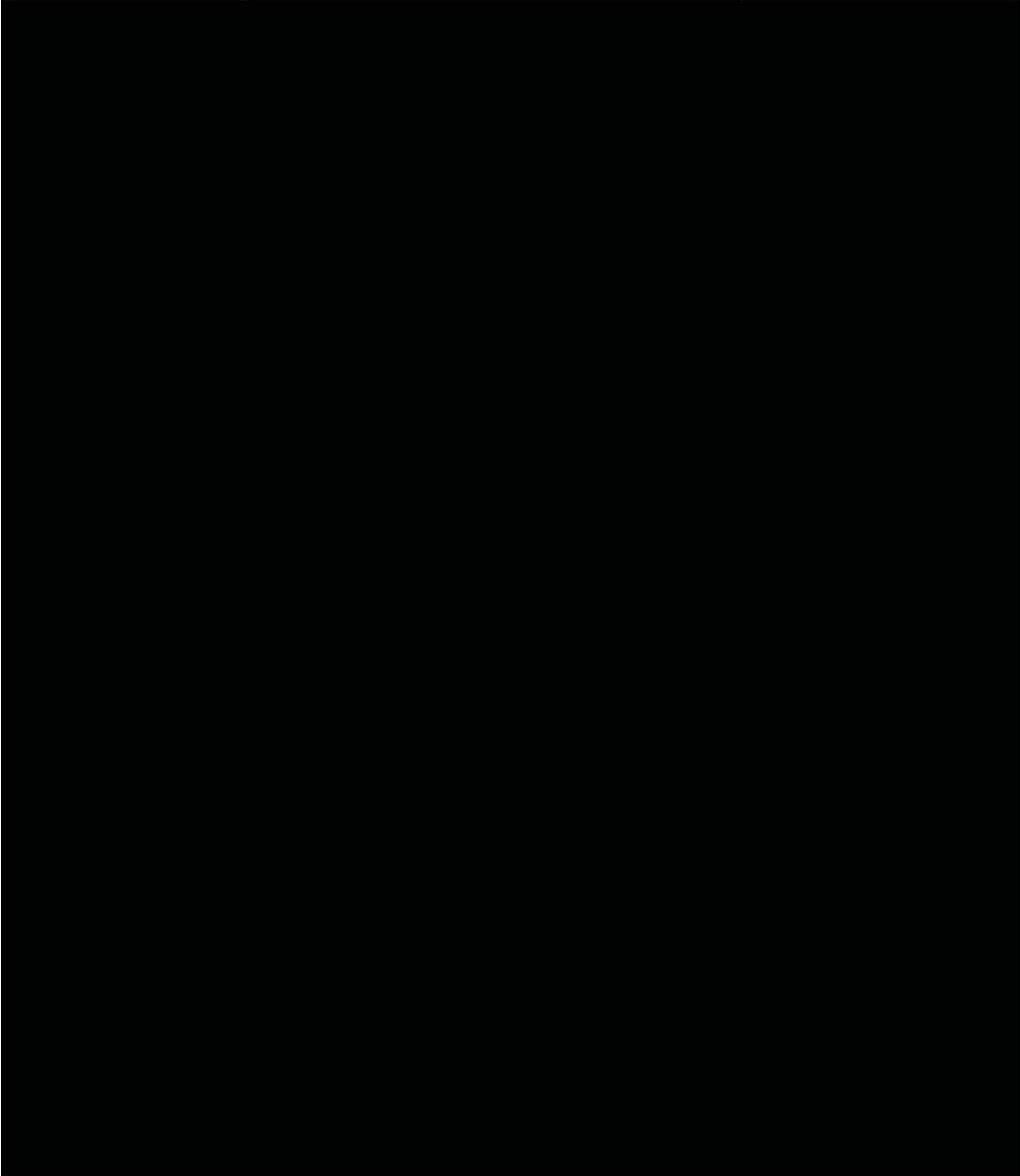
<b>Fund</b>	<b>Investor</b>	<b>Est &amp; Unaudited Capital Balance – as of 9/30/2016</b>
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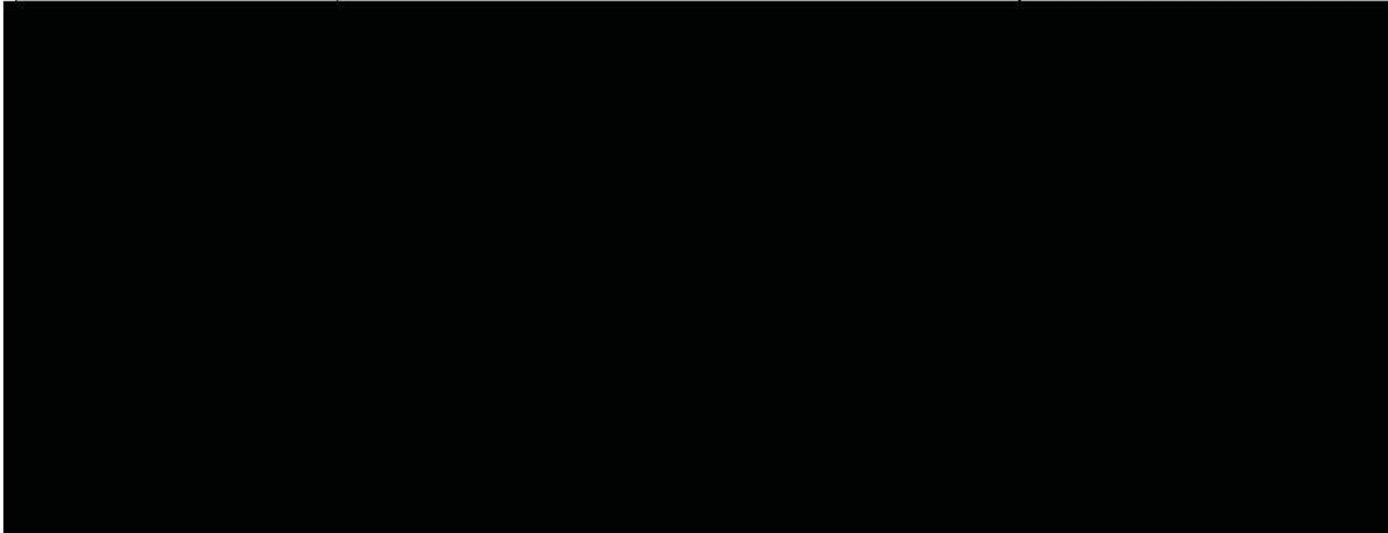


Fund	Investor	Est & Unaudited Capital Balance – as of 9/30/2016
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Fund	Investor	Est & Unaudited Capital Balance – as of 9/30/2016
[Redacted Content]		

<b>Fund</b>	<b>Investor</b>	<b>Est &amp; Unaudited Capital Balance – as of 9/30/2016</b>
		

<b>Fund</b>	<b>Investor</b>	<b>Est &amp; Unaudited Capital Balance – as of 9/30/2016</b>
		

## Appendix D

**List of PPLO investors (consolidated) – amount estimated and unaudited as of 6/30/2016**

Fund	Investor	Est. & Unaudited Value - 6/30

