

Exhibit 1

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

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SECURITIES AND EXCHANGE COMMISSION, :

Plaintiff, :

-v- :

PLATINUM MANAGEMENT (NY) LLC; :

PLATINUM CREDIT MANAGEMENT, L.P.; :

MARK NORDLICHT; :

DAVID LEVY; :

DANIEL SMALL; :

URI LANDESMAN; :

JOSEPH MANN; :

JOSEPH SANFILIPPO; and :

JEFFREY SHULSE, :

Defendants. :

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No. 16-cv-6848 (DLI)(VMS)

**FIRST JOINT INTERIM APPLICATION OF THE RECEIVER AND
GUIDEPOST SOLUTIONS, LLC FOR ALLOWANCE OF COMPENSATION AND
REIMBURSEMENT OF EXPENSES INCURRED DURING 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**”) and Guidepost Solutions LLC (“**Guidepost**,” and collectively with the Receiver, “**Applicant**”) submit their first joint interim application (this “**First Interim Application**”) for allowance of compensation and reimbursement of expenses incurred during the period December 19, 2016 through March 31, 2017 (the “**First Application Period**”).¹ Pursuant to this First Interim Application, Applicant

¹ The Receiver is the Chairman of Guidepost. Guidepost was authorized by this Court to provide services to the Receiver pursuant to an order entered on February 17, 2017.

requests interim approval of fees in the amount of \$1,307,565.38 and reimbursement of expenses in the amount of \$3,795.23.²

In accordance with Section C.2 of the *Billing Instructions for Receivers in Civil Actions Commenced by the U.S. Securities and Exchange Commission* (the “**SEC Billing Guidelines**”), this First Interim Application contains the following sections:

Section I provides a summary of the background of the receivership.

Section II summarizes the administration of the case to date.

Section III summarizes the financial status of the Receivership Estate.

Section IV summarizes the assets in the Receivership Estate.

Section V summarizes the creditor claims proceedings.

Section VI summarizes the claims held by the Receiver.

Section VII summarizes the procedures used by Applicant in compiling its billing records and other information requested by the SEC Billing Guidelines. Section VII also describes the exhibits to this First Interim Application.

Section VIII contains a narrative description of each activity category in which Applicant provided services during the First Application Period, in accordance with Section D of the SEC Billing Guidelines.

Section IX summarizes all expenses for which Applicant seeks reimbursement and the procedures and policies adopted by Applicant to insure compliance with Section E of the SEC Billing Guidelines.

Section X summarizes the standards to be applied by this Court in determining fee awards in SEC equity receiverships.

² Capitalized terms used but not defined herein have the meaning ascribed to them in the December 19, 2016 Order Appointing Receiver.

I.

CASE BACKGROUND

A. Platinum Partners

1. Platinum Partners (“**Platinum**”), a hedge fund founded in 2003, is 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.

2. 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.³ 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.

3. 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.

4. 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

5. 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

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

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**

6. 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**”).

7. 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.

8. 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

9. 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.

10. 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.

11. 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.

E. The Receiver Order

12. On December 19, 2016, this Court entered an order (the "**Receiver Order**"), subsequently amended on January 30, 2017, appointing Mr. Schwartz as Receiver of the Receivership Entities. The Receiver Order, 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.

13. 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.

14. 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.”

15. The Receiver Order also directs the Receiver and Retained Personnel to file a quarterly fee application with this Court (“**Quarterly Fee Application**”). This First Interim Application is Applicant’s first Quarterly Fee Application.

II.

SUMMARY OF THE ADMINISTRATION OF THE CASE

A. Management of the Receivership Entities

16. On December 19, 2016, the day of the Receiver's appointment, he 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.

17. 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 of 2017, depending on the progress of the sale of certain assets.

18. 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.

19. 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

20. 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, which the Receiver uses as a means of communicating with investors, other stakeholders and the public.

C. Valuation, Management and Disposition of Receivership Property

21. 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.

22. 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 detail in *The Receiver's First Quarterly Status Report for the Period December 19, 2016*

Through March 31, 2017 (the “**Quarterly Report**”), filed with this Court on April 28, 2017, 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.

23. 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. Litigation

24. 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.

25. 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.

26. 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.

III.

FINANCIAL STATUS OF THE RECEIVERSHIP ENTITIES

27. 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.

28. The Receivership Entities incur expenses as part of their normal business operations. These include payroll and benefits, rent, utilities, and other recurring expenses. Some of the expenses incurred by the Receivership Entities, such as rent and utilities, are a result of long term contracts with fixed payment amounts. Monthly recurring expenses of the Receivership Entities total approximately \$366,000.

29. The largest Receivership account as of March 31, 2017 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 (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).

30. 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.

31. 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.

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

IV.

DESCRIPTION OF RECEIVERSHIP PROPERTY

33. As described in more detail in the Quarterly Report, 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.

34. The Receiver and his professionals are 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.

35. To augment the ongoing valuation work being performed by the Receiver and his 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.

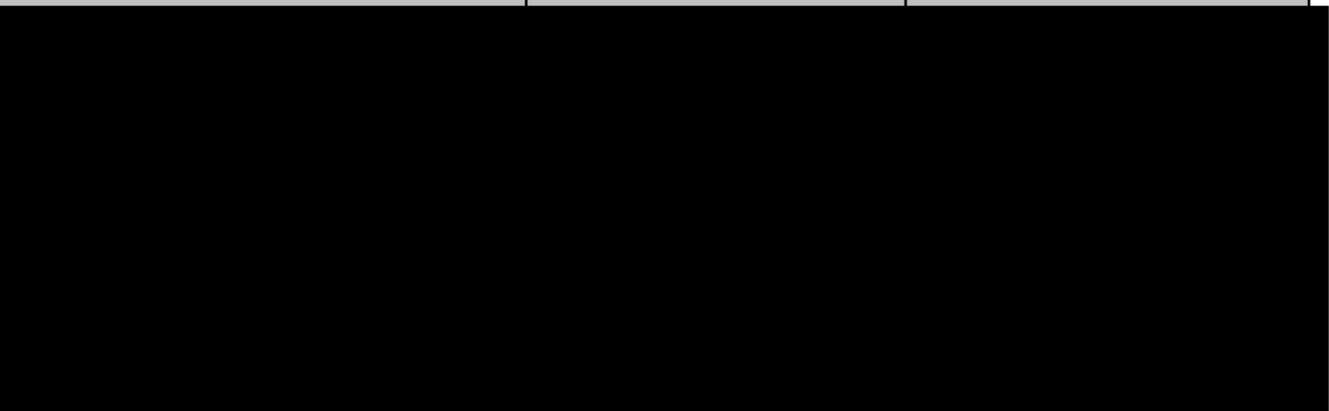
36. In the coming months, the Receiver will establish and chair a Valuation Committee that will review and evaluate all relevant financial, company, market and due diligence information as well as the inputs and reports from Houlihan Lokey or other independent experts to assign a value to each position 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.

37. 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.

38. For purposes of this Interim Fee Application, the Receiver is providing the most recent estimated and unaudited values for the positions, which were established prior to the Receivership's inception.⁴ *The Receiver's ultimate valuations may be materially different from these numbers and may be materially different than the values ultimately realized upon liquidation.*

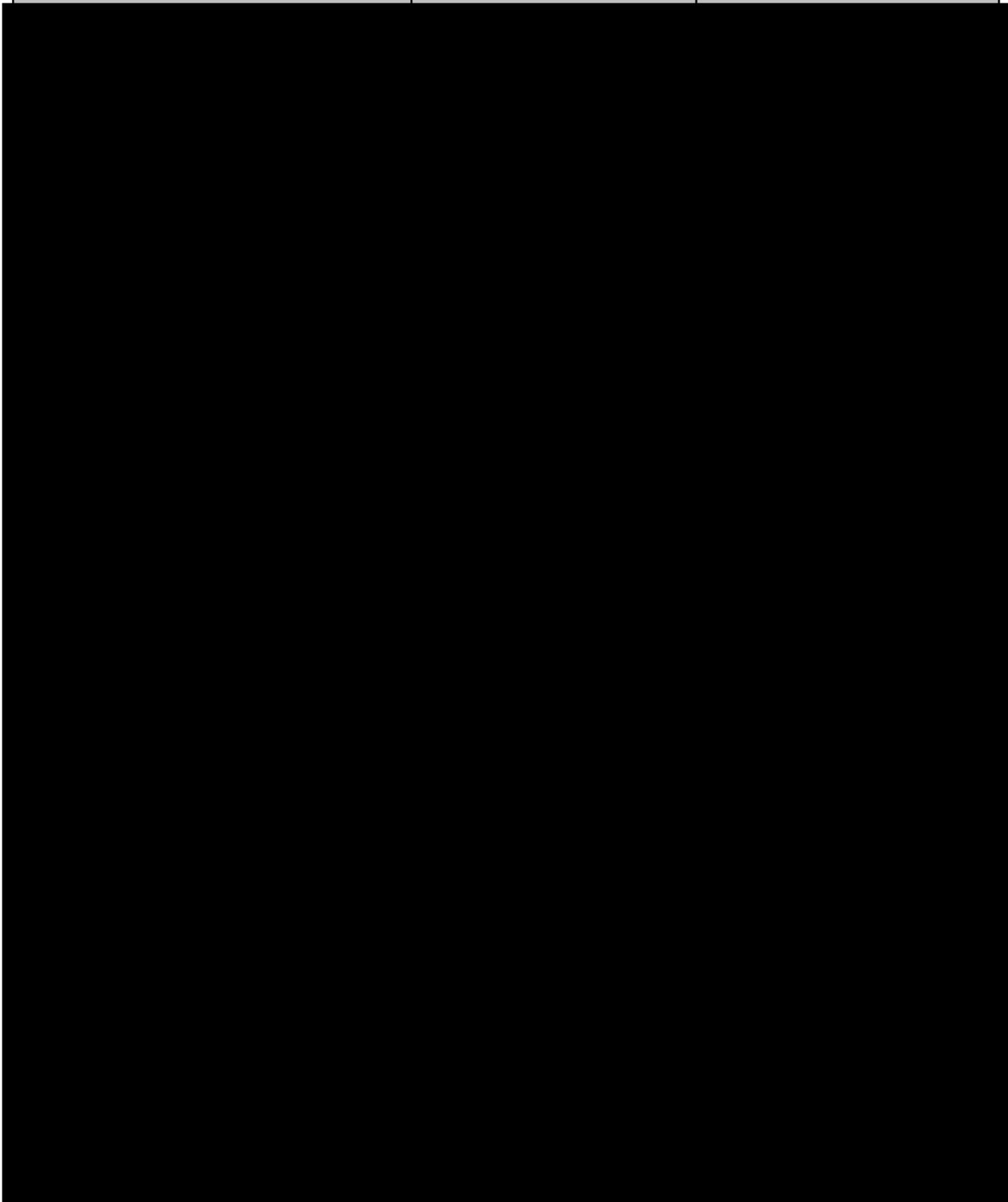
39. The following investments represent the positions held by PPCO as of the most recent valuation date, September 30, 2016. *Valuations were made by prior management, and by including them here, the Receiver is not "vouching" for those valuations or representing them as accurate.* All amounts are in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

Investment Description	Investment Type	Estimated & Unaudited Value
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⁴ For the PPCO fund, the valuation date is September 30, 2016. For the PPLO fund, the valuation date is June 30, 2016.

Investment Description	Investment Type	Estimated & Unaudited Value
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Investment Description	Investment Type	Estimated & Unaudited Value
Total		596,920,439

40. 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

Investment Description	Investment Type	Est. & Unaudited Value
Total		22,958,514

41. The investments listed above are highly illiquid interests in operating companies that may require additional capital or improved positioning to become saleable. Though the Receiver has already begun this process in earnest, it will take time and focus to prudently monetize the investments in a responsible manner.

V.

STATUS OF CREDITOR CLAIMS PROCEEDINGS

42. 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 of

2017. 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.

VI.

CLAIMS HELD BY THE RECEIVERSHIP ESTATE

43. The SEC Billing Guidelines provide that this First Interim Application include a “description of liquidated and unliquidated claims held by the receiver, 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.

44. 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 quarterly reports and fee applications.

VII.

FEES AND EXPENSES REQUESTED

45. Section XIII of the Receiver Order authorizes and directs Applicant, among

others, to file quarterly fee applications with this Court. In accordance with the provisions of the Receiver Order, Applicant submitted the time records for the fees and expenses requested herein to the SEC on April 14, 2017 to allow for a thirty-day review. Through this First Interim Application, Applicant requests interim compensation in the amount of \$1,307,565.38 and reimbursement of expenses in the amount of \$3,795.23.

46. The Receivership Entities as of the date of this filing have total cash availability of \$11,596,453.46, with cash inflows through September 2017 expected to exceed \$30 million. These cash availability figures demonstrate that payment of the compensation and expense reimbursement requested by Applicant will not impair the Receiver's ability to pay ongoing expenses of the Receivership Estate.

47. In accordance with paragraph 54.B of the Receiver Order, Applicant hereby represents that (i) the fees and expenses requested herein were incurred in the best interests of the Receivership Estate and (ii) with the exception of the SEC Billing Instructions, Applicant has not entered into any agreement, written or oral, express or implied, with any person or entity concerning the amount of compensation paid or to be paid from the Receivership Estate, or any sharing thereof.

48. The amounts requested herein generally reflect, and are determined primarily based on, the hours worked by Guidepost professionals (including the Receiver, attorneys, forensic accountants, investment professionals, researchers, and other support personnel) and the hourly rates in effect at the time the services were rendered, discounted by ten percent. However, the Receiver's hourly rate is being charged at \$600 per hour, which reflects a 17.2% discount off his 2016 hourly rate and a 29.4% discount off his 2017 hourly rate.

49. This First Interim Application includes certain exhibits:

(a) The Standardized Fund Accounting Report as of March 31, 2017 is attached as **Exhibit A** hereto.

(b) A Fee Schedule showing the total fees billed and hours worked during the First Application Period by each Guidepost professional, including the Receiver, along with the billing rates of each such professional, is attached as **Exhibit B** hereto.

(c) In accordance with Section D.3.c of the SEC Billing Guidelines, a summary reflecting the total fees billed and the hours worked by each professional, including the Receiver, in each of the activity categories in which Applicant has divided its time is attached as **Exhibit C** hereto.

(d) In accordance with the Section D.5 of the SEC Billing Guidelines, all time records of the Receiver and Guidepost professionals for the First Application Period, arranged in chronological order within each activity category, are attached as **Exhibit D** hereto.

(e) In accordance with Section E.1.a. of the SEC Billing Guidelines, a summary of all expenses for which Applicant seeks reimbursement organized by expense category is attached as **Exhibit E** hereto.

(f) Also submitted herewith is the Certification required by Section A.1 of the SEC Billing Guidelines.

50. Applicant has not filed any prior fee and expense applications in this matter.

51. The Receiver and Guidepost's professionals recorded all services performed in time increments of one tenth (0.10) of an hour. All services by Guidepost paralegals and other paraprofessional support staff were professional in nature and, if not performed by the indicated paraprofessionals, would have been performed by attorneys or other professionals at higher hourly rates.

VIII.

**SERVICES RENDERED BY APPLICANT DURING
THE FIRST APPLICATION PERIOD**

52. In accordance with Section D.3 of the SEC Billing Guidelines, Applicant segregated its time during the First Application Period into 11 activity categories. Narrative summaries of these activity categories follow:

53. **Accounting. Total Fees: \$4,897.50.**

The Receivership Entities did not issue 2015 or 2016 audits. During the First Application Period, to return the Receivership Entities to a regular reporting schedule, the Receiver and Guidepost professionals Robert Rittreiser and Michael Klett interviewed accounting firms and exchanged information with accounting firms in an effort to identify an accounting firm to retain.

54. **Asset Analysis and Recovery. Total Fees: \$52,217.25.**

The portfolio of assets in the Receivership Estate is tremendously complex, consisting of approximately one hundred investments, many of which are illiquid, “Level 3”-type assets. The Receiver Order requires the Receiver to evaluate and liquidate those assets. As a first step in this process, the Receiver needs to understand each asset, its potential value, and the options available to him to dispose of the asset. During the First Application Period, the Receiver and Guidepost professionals: retained and worked with Houlihan Lokey, a respected valuation firm, to value the Receivership Property; worked with Platinum personnel to understand the history of its positions; reviewed materials and conducted research relating to the assets and counter-parties involved in the positions; and worked with counsel to prepare for or respond to litigation matters in connection with the Receivership Property. Guidepost personnel billing time in this activity category along with the Receiver included Daniel Burstein, Anthony Collura, Talia Cohen, and Mark Chersevani.

55. **Asset Disposition. Total Fees: \$35,240.25.**

The Receiver Order requires the Receiver to conduct an orderly wind-down and responsible liquidation of assets. The Receiver and Guidepost professionals initiated this asset disposition process during the First Application Period. During this period, the Receiver and Guidepost professionals prepared for and worked on the disposition of assets, and worked with counsel on legal issues concerning the disposition of assets. Applicant personnel billing time in this activity category included the Receiver and Daniel Burstein.

56. **Business Analysis. Total Fees: \$1,440.00.**

The Receiver and Guidepost professional Michael Klett engaged in business analysis during the First Application Period by meeting with Platinum portfolio managers to better understand the portfolio, and by preparing analyses of the Platinum portfolio for presentation to the SEC.

57. **Business Operations. Total Fees: \$231,750.75.**

The Receiver Order requires the Receiver to “assume and control the operation of the Receivership Entities and [to] pursue and preserve all of the Receivership Entities’ claims.” The Receiver Order authorizes and requires the Receiver to step into the shoes of prior management of the Receivership Entities and to run the business. As described in further detail in Section II above, the Receiver has fulfilled this responsibility since the day of his appointment as Receiver. Applicant personnel billing time in this category included the Receiver, Daniel Burstein, Robert Rittereiser, Michael Klett, Talia Cohen, and Cathal Walsh. Examples of services performed in this activity category include:

- (a) working with Platinum personnel to preserve and manage the assets of the Receivership Estate;

- (b) understanding and managing litigation and other legal matters involving the Receivership Entities;
- (c) budgeting based on cash availability, cash needs, and anticipated liquidity events;
- (d) managing audit, accounting, tax, and other financial matters;
- (e) meeting with Platinum personnel concerning employment issues;
- (f) managing staff, paying bills, coordinating payroll and benefits, overseeing IT, and other administrative matters;
- (g) addressing compliance, corporate bookkeeping, and other official business;
- (h) working with and without counsel to understand and address issues concerning directors' and officers' insurance and indemnification;
- (i) coordinating an office move to lower-cost space;
- (j) communicating with investors and creditors; and
- (k) coordinating and communicating with the PPVA liquidators.

58. **Case Administration. Total Fees: \$846,622.50.**

The breadth of work covered by this activity category illustrates the diverse obligations imposed upon, and powers held by, the Receiver pursuant to the Receiver Order. The Receiver Order requires and empowers the Receiver to: preserve the status quo; ascertain the extent of commingling of funds among the Receivership Entities; ascertain the true financial condition of the Receivership Entities and the disposition of investor funds; prevent further dissipation of the property and assets of the Receivership Entities prevent the encumbrance or disposal of property or assets of the Receivership Entities; preserve the books, records and documents of the

Receivership Entities; be available to respond to investor inquiries; protect investors' assets; conduct an orderly wind down including a responsible liquidation of assets and orderly and fair distribution of those assets to investors; and determine whether one or more of the Receivership Entities should undertake bankruptcy filings. The Receiver Order provides the Receiver with a wide range of powers and tools to accomplish these goals. And the Receiver Order obligates the Receiver to work with and report regularly to the SEC and the Court in the pursuit of these goals and the accomplishment of these tasks. Applicant personnel billing time in this category included the Receiver, Daniel Burstein, Anthony Collura, Robert Rittereiser, Michael Klett, Mark Chersevani, and Talia Cohen. Examples of services performed in this activity category include:

- (a) planning and strategizing the course of the Receivership;
- (b) working with counsel, Platinum personnel, and others to prepare filings for the Court;
- (c) coordinating with the SEC;
- (d) communicating with investors about the Receivership, asset management, and potential recoveries;
- (e) communicating with creditors about the Receivership, the expected claims process, and potential recoveries;
- (f) establishing and maintaining a website to communicate with investors and creditors;
- (g) transferring bank accounts and other Receivership Property to the Receiver's control;
- (h) obtaining control of books and records of the Receivership Entities;

- (i) converting business operations to wind-down mode pursuant to the Receiver Order, including pursuing liquidation of assets;
- (j) working with counsel in individual matters to assert the stay of litigation pursuant to the Receiver Order;
- (k) monitoring and responding to issues that arise in the civil and criminal actions;
- (l) assessing regulatory compliance obligations under Receivership;
- (m) investigating past transactions and assessing prospective affirmative claims;
- (n) understanding the organizational charts and organizational documents of the Receivership Entities;
- (o) assessing the limitations on the Receiver's powers and the potential expansion of the Receivership to address associated challenges; and
- (p) preparing the Receiver's First Quarterly Report.

59. **Corporate Finance. Total Fees: \$1,200.00.**

The Receiver billed time in this activity category for meetings to discuss portfolio positions in the Receivership Estate.

60. **Employee Benefits. Total Fees: \$59,104.50.**

The Receiver Order dismisses all officers, directors, managing members, general and limited partners of the Receivership Entities from positions of management of the Receivership Entities, and provides that no person holding or claiming any position of any sort with any of the Receivership Entities shall possess any authority to act by or on behalf of any of the Receivership Entities except as may be authorized or delegated by the Receiver. The Receiver

and Guidepost personnel Robert Rittereiser and Michael Klett billed time in this activity category for work in connection with terminating certain personnel and hiring or retaining other personnel. Work in this category included payroll and benefits issues, issues surrounding employee separations, and consideration of the appropriate compensation required to retain key personnel.

61. **Forensic Accounting. Total Fees: \$26,137.50.**

The Receiver Order authorizes the Receiver to investigate transactions by and among Receivership Entities, defendants, and any other persons or entities. The Receiver and Guidepost forensic accountant Mark Chersevani billed time in this activity category for work investigating transactions and considering affirmative claims.

62. **Tax Issues. Total Fees: \$8,100.75.**

The Receiver and Guidepost personnel Robert Rittereiser and Michael Klett billed time in this activity category for work identifying and vetting prospective tax accountants, reviewing prior tax filings and audits, working on tax extensions for the Receivership Entities, and working through additional tax issues.

63. **Valuation. Total Fees: \$30,690.00.**

Guidepost personnel Michael Klett, Mark Chersevani, and Talia Cohen billed time in this activity category for time spent working with valuation experts at Houlihan Lokey, reviewing portfolio positions and preparing to assign values to those positions, and related tasks.

IX.

EXPLANATION OF EXPENSES AND RELATED POLICIES

64. Applicant seeks reimbursement of out-of-pocket costs in the amount of \$3,795.23. Exhibit E sets forth the various categories of expenses for which Applicant seeks reimbursement.

Also, page 210 of Exhibit D to the First Interim Application lists the expenses for which Applicant seeks reimbursement. Applicant will retain the documentation supporting these expenses for a period of seven years in accordance with the SEC Billing Guidelines and will provide the SEC with copies upon request.

65. Applicant observed the following policies in connection with its expenses during the First Application Period:

(a) With respect to all expenses, Applicant seeks reimbursement only for the actual cost of its filing and court reporting fees, postage and overnight delivery fees and long distance telephone charges. Applicant has not included in any request for expense reimbursement the amortization of the cost of any investment, equipment or capital outlay (except to the extent that any such amortization is included within the permitted allowable amounts set forth in the SEC Billing Guidelines for photocopies and facsimile transmissions).

(b) Whenever possible, Applicant has used email to transmit documents via portable document format, thereby reducing facsimile, overnight courier and copying costs otherwise chargeable to the receivership estate.

(c) In accordance with Section E.2(j) of the SEC Billing Guidelines, Applicant has not sought reimbursement for local travel expenses, including mileage, taxis and meals.

(d) With respect to long distance travel expenses, Applicant professionals have used the lowest available airfare and train fare and have not sought reimbursement for luxury accommodations or deluxe meals. In maintaining its expense documentation, Applicant retains copies of receipts relating to long distance travel.

(e) Applicant has not sought reimbursement for secretarial, word processing,

proofreading or document preparation expenses (other than by professionals or paraprofessionals), data processing and other staff services (exclusive of paraprofessional services) or clerical overtime.

(f) As indicated above, the Receiver has created an investor relations website. To the extent possible, Applicant has utilized clerical or paralegal staff to handle communications with investors.

(g) In some instances, costs incurred during a particular application period will not be reflected in Applicant's records until a subsequent application period. Applicant will seek reimbursement for such "trailing" expenses in subsequent fee application periods.

X.

FACTORS TO BE CONSIDERED BY THE COURT IN AWARDING FEES

66. The case law on equity receiverships sets forth the standards for approving receiver compensation and the fees and expenses for the receiver's counsel. The District Court has discretion to determine compensation to be awarded to a court-appointed equity receiver and his or her counsel and "may consider all of the factors involved in a particular receivership in determining the appropriate fee." Gaskill v. Gordon, 27 F.3d 248, 253 (7th Cir. 1994). Many authorities (some quite dated) provide "convenient guidelines", but in the final analysis, "the unique fact situation renders direct reliance on precedent impossible." Securities & Exchange Comm'n v. W.L. Moody & Co., 374 F. Supp. 465, 480 (S.D. Tex. 1974), aff'd, 519 F. 2d 1087 (5th Cir. 1975).

67. In allowing counsel fees in Securities Act receiverships, "[t]he court will consider ... the complexity of problems faced, the benefit to the receivership estate, the quality of work performed, and the time records presented." Securities & Exchange Comm'n v. Fifth Ave.

Coach Lines, Inc., 364 F. Supp. 1220, 1222 (S.D.N.Y. 1973); see also United States v. Code Prods., 362 F.2d 669, 673 (3rd Cir. 1966) (court should consider the time, labor and skill required (but not necessarily expended), the fair value of such time, labor and skill, the degree of activity, the dispatch with which the work is conducted and the result obtained). “[R]esults are always relevant.” Securities & Exchange Comm’n v. Elliott, 953 F.2d 1560, 1577 (11th Cir. 1992), quoting Moody, 374 F Supp. at 480. However, a good result may take a form other than a bare increase in monetary value. Id. (“Even though a receiver may not have increased, or prevented a decrease in, the value of the collateral, if a receiver reasonably and diligently discharges his duties, he is entitled to compensation.”). Obviously, overall results can be determined only at the conclusion of the case.

68. Another “basic consideration is the nature and complexity of the legal problems confronted and the skill necessary to resolve them.” Moody, 374 F. Supp. at 485.

69. Moreover, “[t]ime spent cannot be ignored.” Id. at 483. This is particularly true when the dimension and complexity of a receivership prevent counsel from taking on other full time assignments. Id. at 483-86 (describing the efforts of the receiver counsel’s in the difficult task of determining ownership and disposability of a bank’s assets and the high priority given to the matter by counsel). Another “significant factor is the amount of money involved.” Id. at 486; see also Gasser v. Infanti Int’l, Inc., 358 F. Supp 2d 176, 182 (E.D.N.Y. 2005) (receiver’s legal fees “must be reasonable in light of the services rendered by counsel and the amount of property held in the receivership”).

70. Under these standards Applicant has adequately demonstrated that the amount of fees requested is appropriate. Applicant has acted quickly to take control of the Receivership Property. The benefit to investors, though not quantifiable at this early stage at the receivership,

will become quantifiable as the case proceeds.

71. Investors now have a forum in which they may present their views (including their criticisms) and monitor the Receiver's efforts to marshal the valuable assets of the Receivership Entities, expeditiously dispose of those assets unlikely to generate a return and investigate the transactions predating the appointment of the Receiver. The amounts at issue are substantial by any measure; hundreds of millions of dollars of assets and investments are within the scope of the receivership.

72. The issues being addressed by Applicant are highly complex, ranging from multi-jurisdictional litigation to valuation and disposition of distressed illiquid assets. The magnitude of this case largely precludes the Receiver and applicable Guidepost personnel from accepting other employment at this time. Based on the foregoing, we respectfully submit that the compensation sought by Applicant is wholly warranted.

WHEREFORE, PREMISES CONSIDERED, Applicant respectfully requests that the Court:

- (a) grant interim approval of Applicant's compensation in the amount of \$1,307,565.38;
- (b) grant interim approval of Applicant's request for reimbursement of out-of-pocket expenses in the amount of \$3,795.23;
- (c) order the Receivership Entities to pay within ten (10) business days from available cash the approved fees of Applicant in the amounts set forth herein and reimburse Applicant for its approved expenses; and
- (d) grant such other relief as the Court deems appropriate.

Dated: May 24, 2017
New York, NY

/s/ Bart M. Schwartz
Bart M. Schwartz

As Chairman for Guidepost Solutions LLC and as 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.

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

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SECURITIES AND EXCHANGE COMMISSION, :
 :
Plaintiff, :
 :
-v- :
 :
PLATINUM MANAGEMENT (NY) LLC; :
PLATINUM CREDIT MANAGEMENT, L.P.; :
MARK NORDLICHT; :
DAVID LEVY; :
DANIEL SMALL; :
URI LANDESMAN; :
JOSEPH MANN; :
JOSEPH SANFILIPPO; and :
JEFFREY SHULSE, :
 :
Defendants. :
----- X

No. 16-cv-6848 (DLI)(VMS)

**CERTIFICATION IN SUPPORT OF FIRST JOINT INTERIM APPLICATION OF THE
RECEIVER AND GUIDEPOST SOLUTIONS, LLC FOR ALLOWANCE OF
COMPENSATION AND REIMBURSEMENT OF EXPENSES INCURRED DURING
THE PERIOD DECEMBER 19, 2016 THROUGH MARCH 31, 2017**

I, 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**”) and Chairman of Guidepost Solutions LLC (“**Guidepost**”), on behalf of myself and Guidepost , hereby certify that Guidepost has designated me as the Certifying Professional with respect to the Certification required by Section A of the *Billing Instructions for Receivers in Civil Actions Commenced by the U.S. Securities and Exchange Commission* (“**SEC Billing Guidelines**”) and certify that:

1. I am Chairman of Guidepost. I submit this Certification in compliance with Section A of the SEC Billing Guidelines in support of the first joint application (the “**First Interim Application**”) of the Receiver and Guidepost (collectively, “**Applicant**”) for allowance of compensation and reimbursement of expenses incurred during the period December 19, 2016 through March 31, 2017 (the “**First Application Period**”). Applicant requests interim approval of fees in the amount of \$1,307,565.38 and reimbursement of expenses in the amount of \$3,795.23 for the First Application Period.

2. I have read the First Interim Application.

3. To best of my knowledge, information and belief formed after reasonable inquiry, the First Interim Application and all fees and expenses sought are true and accurate and comply with the SEC Billing Guidelines.

4. All fees contained in the First Interim Application are based on Guidepost’s rates listed therein, subject to the discounts for the Receiver’s and Guidepost personnel’s hourly rates described in the First Interim Application, and all such fees are reasonable, necessary and commensurate with the skill and experience required for the activity performed.

5. Applicant has not included in the amounts for which expense reimbursement is sought the amortization of the cost of any investment, equipment or capital outlay (except to the extent any such amortization is included within the permitted allowable amounts for photocopies and fax transmission).

6. In seeking reimbursement for a service which Applicant justifiably purchased or contracted for from a third party (such as copying, messenger services and overnight courier), Applicant requests reimbursement only for the amount billed to Applicant by the third party

vendor and paid by Applicant to such vendor. Applicant is not making a profit on such reimbursable service.

Dated: May 24, 2017
New York, NY

/s/ Bart M. Schwartz
Bart M. Schwartz

As Chairman for Guidepost Solutions LLC and as 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.