

# **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. :  
 :

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

**DECLARATION OF BART M. SCHWARTZ IN SUPPORT OF HIS APPLICATION FOR AN ORDER AUTHORIZING HIS RESIGNATION AS RECEIVER**

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I, Bart M. Schwartz, pursuant to 28 U.S.C. § 1746, declare as follows:

1. I am a member of the bar of this Court, and am the Court-appointed Receiver for defendant Platinum Partners Credit Opportunities Master Fund, LP (“PPCO”) and certain related entities (collectively, the “Receivership Entities”). I was appointed, on consent, by an order of this Court on December 19, 2016, as amended January 30, 2017 [Docket Nos. 6, 59-2] (the “Receiver Order”), following an Order to Show Cause filed in this matter by the Securities and Exchange Commission (the “SEC”). *See* Docket Nos. 5 & 6. On March 8, 2017, this Court entered a preliminary injunction enjoining violation of the federal securities laws, and ordering that I continue to act as Receiver pursuant to the Receiver Order [Docket Nos. 105, 106]. I submit this declaration in support of my application for an order authorizing me to resign as Receiver for the Receivership Entities.

2. This declaration is based on my personal knowledge and experience, on information I learned from Platinum and Guidepost employees, from outside professionals retained by me, and on my review of the books and records of the Receivership Entities.

3. Since my appointment, I have endeavored to discharge my duties faithfully.

Among other things, I have:

- (a) Transferred all Receivership Property to my control as Receiver, including transferring control over bank accounts and brokerage accounts, revising corporate documents and issuing notices of the Receivership (appending the Receiver Order) to the Receivership Entities' business partners and counter-parties.
- (b) Downsized the Platinum staff to those individuals I deemed critical to the liquidation effort.
- (c) Proceeded with a previously scheduled move to smaller, less expensive office space for Platinum personnel.
- (d) Extensively communicated with investors and creditors.
- (e) Retained professionals to assist me, including attorneys at Cooley LLP and Guidepost Solutions LLC ("Guidepost"), of which I am Chairman [Docket Nos. 63, 65]. I also applied for this Court's approval to retain Houlihan Lokey Financial Advisors, Inc. ("Houlihan Lokey") as valuation experts [Docket No. 111] and PricewaterhouseCoopers LLP to assist the Funds in their applications for tax extensions [Docket No. 110].
- (f) Resolved the adversary proceeding pending against certain Platinum entities in the *In re Black Elk Energy Offshore Operations* bankruptcy case, which resolution included the lifting of a temporary restraining order against me that had severely restrained my ability to exercise the powers granted to me under the Receiver Order [Docket No. 59].
- (g) Requested that this Court expand the receivership to include certain "orphan" PPCO and Platinum Partners Liquid Opportunity Master Fund LP entities, as well as Platinum Management (NY) LLC, primarily for the sake of administrative efficiency and clarity of legal rights, which application is currently pending. [Docket No. 112].
- (h) Resolved expensive, protracted litigation over the Receivership's interest in property that secures a loan made by PPCO to Arabella Exploration, Inc. through participation in mediation and the formation of a settlement agreement [Docket No. 128].

- (i) Filed the First Quarterly Report. [Docket No. 130].
- (j) Created a website (<http://www.platinumpartnersreceiver.com>) to facilitate the flow of information from the Receiver to creditors and investors and posted a Proof of Claim Form on the site.
- (k) Extensively investigated and evaluated the value and viability of the Receivership Entities' investment positions.
- (l) Marshalled \$24 million in cash for the Receivership Estate and conservatively project \$36 million more through the end of 2017.
- (m) Prepared (but did not file) a comprehensive application to the Court for approval of my wind-down plan, which reflected extensive analysis and valuation work including liquidation recommendations for 94% of the Receivership Entities' investment positions.
- (n) Prepared (but did not file) an application for my retention *nunc pro tunc* of attorneys who have provided services to the Receivership Estate on discrete matters.

4. Over time, the SEC staff and I came to differing views on how the Receivership should progress. *See* Joint Letter of SEC and the Receiver, dated May 19, 2017 [Docket No. 142] (the "Joint Letter"). As discussed in the Joint Letter, the SEC staff believed that I should wind down the Receivership quickly to minimize the accrual of fees and should not make new capital investments, which the SEC staff viewed as "risky." Joint Letter at 1. I believed that the Receivership could and should quickly liquidate the majority of its positions, but thought putting limited additional funds into certain assets could potentially result in higher returns for the benefit of investors and creditors. *Id.* at 1-2. To that end, pursuant to the briefing schedule in the Joint Letter, I was prepared to submit an application to this Court outlining my plan for the orderly wind-down of the Receivership Entities.

5. However, prior to submitting that filing, members of the SEC staff raised concerns regarding a short opinion I wrote in 2013 for a law firm that is now a debtor of the Receivership Estate. I had not recalled the opinion and thus had not advised the Court of its

existence when I disclosed my potential conflicts to this Court. Separately, I served as a monitor of the same law firm, which is a matter of public record and highlighted in my online biography. I did not advise the Court regarding my past work as a monitor for the law firm as I did not see it as a conflict.

6. While I acknowledge that the existence of the opinion could be viewed as presenting the appearance of a conflict, I do not view my work in authoring it or in acting as a monitor as presenting an actual conflict that prevents or hinders me from discharging my duties as Receiver. My prior involvement with this firm did not have any effect on my actions as Receiver nor did it negatively affect my ability to attempt to recover assets on behalf of the Receivership Entities. However, given the SEC's concerns in this area, and given that the working relationship between me and the SEC had become fraught as a result of our ongoing differences of opinion surrounding the course of the Receivership, I concluded that it would be in the best interests of Platinum investors and creditors for me to ask this Court for permission to resign. The SEC agreed to that course of action.

7. Subject to the approval of this Court, I told the SEC staff that I would continue to preserve the assets of the Receivership Entities until a successor is appointed, and cooperate with my successor to ensure an orderly transition.

8. The SEC staff consents to my application to resign and to cooperate in preserving the Estate's assets, and to assist in a transition to a substitute receiver. I understand that the SEC staff will be presenting an alternative receiver to the Court.

9. Under the Receiver Order, I am required to give notice to the SEC staff and this Court of my intention to resign and to agree that my resignation shall not be effective until this

Court appoints a successor. Receiver Order ¶ 43. I will follow any additional instructions this Court may provide, in accordance with the Receiver Order. *Id.*

10. Given the circumstances described above, I respectfully request that this Court approve my application to resign as Receiver, effective upon the appointment of my successor.

I declare under penalty of perjury that the foregoing is true and correct.

Dated: New York, New York  
June 23 2017

  
Bart M. Schwartz