

This quarterly status report is being filed in accordance with the requirements of the Second Amended Order Appointing Receiver (the “Receiver Order”), entered on October 16, 2017 by the District Court for the Eastern District of New York (the “Receivership Court”). [Dkt. No. 276].

I. PRELIMINARY STATEMENT

During the Reporting Period, the significant areas of focus for the Receiver and her team² were (i) the litigation commenced by the Receiver at the end of 2018 in the United States District Court for the Southern District of New York against a group of defendants seeking damages for claims arising from a fraudulent scheme perpetrated to the detriment of Platinum, as well as the avoidance of certain liens which may otherwise adversely impact potential distributions to investors and creditors (the “Fraud Action”); (ii) the confidential arbitration proceeding (the “Arbitration”); (iii) monitoring the claims received prior to the bar date established to file a pre-Receivership claim; and (iv) continuing to seek to monetize the remaining assets, both in and out of ongoing court proceedings.

During the Reporting Period, the Receiver (i) closed the sales of Platinum’s stock and option holdings in Cokal Limited (“Cokal”) for an aggregate recovery of approximately \$2.2 million for the Platinum estate (the “Receivership Estate”); and (ii) completed the settlement with respect to the Greentown Oil Company litigation and received \$800,000 in settlement proceeds. The Receiver continues to monitor and seek disposition options for the remaining, more problematic, assets. While the completion of the liquidation of the asset portfolio continues, the focus of the receivership has shifted to the pursuit of claims in the Arbitration and

² To assist her with her duties, the Receiver retained, with the approval of the Court (on July 21, 2017), Otterbourg P.C. (“Otterbourg”) as her legal counsel [Dkt. no. 231] and Goldin Associates LLC as her financial advisor [Dkt. no. 232] (“Goldin” and, together with Otterbourg, the “Receivership Team”).

the Fraud Action. The Fraud Action also seeks to avoid blanket liens on Platinum's assets asserted by certain of the defendants in the Fraud Action.

The Receiver has begun the process of analyzing claims by setting a bar date with respect to pre-Receivership claims and is in the preliminary stages of reviewing such claims. The avoidance of all purported blanket liens, however, is a necessary predicate to making distributions to investors and general unsecured creditors. Accordingly, the results of the Fraud Action have significance greater than just obtaining recoveries on behalf of the Receivership Estate.

II. SUMMARY OF OPERATIONS OF THE RECEIVERSHIP

A. Appointment of Receiver and Duties

On December 19, 2016, the District Court entered an Order Appointing Receiver, [Dkt. Nos. 6 and 16], which appointed Bart Schwartz as receiver (the "Prior Receiver"). At the time of his appointment, the Prior Receiver was serving as a monitor for the Platinum Entities.

On June 23, 2017, after six months, the Prior Receiver resigned and, upon the recommendation of the SEC, by Order dated July 6, 2017, Melanie L. Cyganowski was appointed as Receiver, effective immediately (*i.e.*, July 6, 2017), and ordered to assume all authority previously held by the Prior Receiver. [Dkt. No. 216].

Under the terms of the Receiver Order, the Receiver is, among other things, required to preserve the *status quo*, ascertain the extent of commingling of funds, ascertain the true financial condition of the Platinum Entities, prevent further dissipation of property and assets of those entities, prevent the encumbrance or disposal of property or assets of the Platinum Entities, preserve the books, records, and documents of the Platinum Entities, be available to respond to investors' inquiries, protect investors' assets, conduct an orderly wind down, including a responsible disposition of assets and an orderly and fair distribution of those assets to investors,

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

B. Analysis and Disposition of Receivership Assets

During the Reporting Period, the Receivership Team completed the sale of one portfolio asset (Cokal) and consummated the settlement related to another portfolio asset that was the subject of an ongoing litigation (Greentown Oil). Marketing efforts have continued with respect to the sale of the assets of LC Energy Operations LLP ("LC Energy"). The sale of American Patriot Gold was completed and closed in early April. And the Receivership Team continues to work with the restructuring professionals in Texas to bring the Arabella bankruptcy proceeding to a conclusion. In addition, the Receivership Team continues to seek to sell any remaining stock and other miscellaneous holdings that have value (certain stock and other holdings have zero value). If there are any assets that have no current value, but have the potential to have value in the future and have no cost to the estate to maintain, the Receiver will continue to hold such assets while the litigations are ongoing. Throughout the Receivership case, the Receiver has not invested in any asset beyond what is necessary to preserve that asset and maintain value until monetization is possible. At this stage, LC Energy is the only asset for which the Receiver is expending money to maintain pending a determination regarding disposition.

To assist the Receiver with the monetization of the assets, she retained Houlihan Lokey Capital, Inc. ("Houlihan Lokey")³ and Conway MacKenzie Capital Advisors, LLC ("Conway

³ The Court approved Houlihan Lokey's retention on November 11, 2017, *nunc pro tunc* to September 11, 2017, and issued a Memorandum Opinion regarding Houlihan Lokey's retention on November 21, 2017 [Dkt. No. 285] (the "Houlihan Opinion").

MacKenzie”).⁴ At this time, the services of Conway MacKenzie have concluded and the only remaining asset that Houlihan Lokey is currently marketing is LC Energy.

During the current Reporting Period, the Platinum Receivership received approximately \$3 million from the sale of certain investments. This amount is in addition to the approximately \$61 million received by the Platinum Receivership from the liquidation of other assets from the date of appointment of the Receiver. Certain parties have asserted a claim to all or part of the proceeds of some of such liquidated investments. None of these assets has been marketed or sold in a “fire sale” fashion. As discussed in more detail below, the investments monetized during the Reporting Period and the net proceeds received by the Receivership Estate were as follows:

- Cokal Limited: \$2.2 million
- Greentown Oil Company: \$800,000

C. Investigation of Pre-Receivership Activities and Litigation

In addition to the monetization of assets, potential sources of recovery include claims by the Receiver as innocent successor to the Platinum Entities against possible liable parties. Goldin and Otterbourg have reviewed the complicated series of transactions entered into during the years prior to when Platinum was placed into receivership and have analyzed the flow of funds. As a result of the findings of such investigation, the Receiver commenced the Arbitration and the Fraud Action. The Receiver continues to evaluate the commencement and pursuit of other possible litigations.

⁴ Conway MacKenzie’s retention was approved by the Court on November 11, 2017, *nunc pro tunc* to October 12, 2017. [Dkt. No. 280].

1. **The Arbitration**

On April 27, 2018, the Receiver timely commenced a confidential arbitration against a United States accounting firm and its foreign affiliate (collectively, the “Accounting Firms”) that provided audit services to certain of the Receivership Entities, claiming that the Accounting Firms committed negligence in conducting audits of the financial statements of certain of the Receivership Entities (the “Audited Platinum Entities”) for the fiscal year ended December 31, 2014, and that the Accounting Firms breached their contractual obligations to the Audited Platinum Entities in connection with those audits. The Receiver seeks monetary damages in an amount to be determined by the arbitration panel. The arbitration is before a tribunal of three neutral arbitrators. The arbitration is still in the pre-hearing discovery phase. A considerable amount of time was spent during the Reporting Period producing documents to the Accounting Firms, and reviewing documents produced by the Accounting Firms in response to document requests. The Receiver and the Accounting Firms have exchanged voluminous documents and are currently negotiating the terms on which the Accounting Firms will be granted access to millions of additional documents previously stored in Platinum’s e-mail archiving system. The current deadline for the completion of discovery is June 28, 2019. Because of confidentiality restrictions, no further information regarding the arbitration can be provided at this time.

2. **The Fraud Action**

In addition to the Arbitration, on December 19, 2018, the Receiver commenced the Fraud Action in the Southern District of New York against (i) certain so-called Beechwood entities, (ii) Senior Health Insurance Company of Pennsylvania, (iii) Fuzion Analytics, Inc., (iv) CNO Financial Group, Inc., (v) Bankers Consec Life Insurance Company, (vi) Washington National Insurance Company and (vii) 40|86 Advisors, Inc. The case is captioned “*Melanie L.*

Cyganowski, as Equity Receiver for Platinum Partners Credit Opportunities Master Fund LP, et al. v. Beechwood RE Ltd., et al.” and is pending as Case 1:18-cv-12018 in the United States District Court for the Southern District of New York. The Receiver exercised her right under the applicable rules and orders of the Court to amend the original filed complaint and on March 29, 2019, the Receiver filed an amended complaint. A copy of the redacted amended complaint filed in the Fraud Action may also be accessed on the Receiver’s website (www.PlatinumReceivership.com).

The Receiver’s amended complaint seeks redress for the innocent investors and creditors of the Receivership Estate damaged by the defendants’ unlawful and tortious acts. The Receiver alleges that through their creation of Beechwood, a purported independent reinsurance entity, the Platinum insiders expanded a pre-existing fraud that personally enriched them through the generation of millions of dollars in management fees, incentive fees, false profits and other remuneration over the years.

Certain of the defendants named in the Receiver’s amended complaint are alleged to have substantially assisted, and participated with, Beechwood and the Platinum insiders to commit fraud and breach their fiduciary duties to the PPCO Funds. Specifically, these defendants – acting through Beechwood – structured and implemented a series of transactions that ultimately saddled the PPCO Funds with approximately \$69.1 million of debt owing to Beechwood, as agent for the insurers, secured by liens on substantially all of the PPCO Funds’ assets, including those of nearly all of their portfolio companies, in consideration for assets that were worth a fraction of that amount.

For these reasons, the Receiver asserts causes of action for, among other things, (i) violations of the Racketeer Influenced and Corrupt Organizations Act and/ or federal securities

fraud; (ii) aiding and abetting common law fraud; (iii) aiding and abetting breach of fiduciary duty; (iv) actual and constructive fraudulent conveyances; and (v) unjust enrichment. In addition to monetary damages, the Receiver seeks to avoid the first-priority liens asserted against PPCO Funds' assets by certain defendants that may otherwise adversely impact potential distributions to investors and creditors.

The Fraud Action is currently in the discovery stage of litigation. Prior to filing the Amended Complaint, one of the defendants filed a motion to dismiss, which the Receiver responded to and also addressed certain of the points raised in the motion to dismiss in the Amended Complaint. One of the defendants has filed an answer, cross-claims and third-party claims. Additional motions to dismiss, and/or add cross-claims and third-party actions are expected.

The Receiver will update her website, www.PlatinumReceivership.com/index, with developments in the case.

3. **Additional Review of Potential Claims**

The Receiver continues to review whether additional causes of action against other parties should be asserted. The analysis includes a review of the transfers from Platinum, the value of the assets transferred and the consideration given in return. The Receiver also has begun to consider, and will continue to consider, whether to commence actions to clawback distributions received prior to the commencement of the Receivership case. Inquiries like these seek to facilitate the Receiver's assessment of claims against the Receivership Estate and whether the Receivership Estate has actionable claims against any other persons or parties, including those who putatively provided professional services to Platinum.

D. Administrative Matters

During the Reporting Period, the Receiver and the Receivership Team continued to speak and meet with various interested parties and groups, including the joint liquidators for Platinum Partners Value Arbitrage Fund L.P. (together with its feeder funds, “PPVA” or “PPVA Funds”),⁵ the SEC and Platinum investors. The Receiver also held another “town hall” style meeting with investors and other interested parties via webinar and telephone to provide an update on the actions taken to date and to answer questions. The Receiver will continue to hold these forums going forward. The Receiver regularly updates the Receiver’s website with key documents, answers to frequently asked questions, and status reports to investors. The website now includes links to the Fraud Action docket.

The Receivership Team also responded to other applications made before this Court and in other court proceedings involving Platinum. Some of the Platinum investments are subject to their own bankruptcy proceedings or are involved in other court proceedings around the country and the world. During the Reporting Period, the Receivership Team continued to monitor such proceedings, either directly or through local counsel, and, when necessary, prepared pleadings and/or made appearances in such proceedings.

4. **Website and Investor Communications.** In accordance with Section E.2.1 (Communications with Investors), the estate hired Epic, formerly Garden City Group LLC to create the Receiver’s website (www.PlatinumReceivership.com). This website provides investors and other interested parties with, among other things, periodic status reports, access to court documents and answers to frequently asked questions. The Receiver also revised the website to update the “Frequently Asked Questions” section and to add “key documents.” The

⁵ PPVA is the subject of insolvency proceedings pending in the Cayman Islands and a Chapter 15 bankruptcy proceeding in the U.S. Bankruptcy Court for the Southern District of New York.

website allows interested parties to sign up to receive daily notices whenever there are new filings on the docket. The Receiver and the Receivership Team also meet in person or by telephone with investors and/or their representatives upon request. The Receiver and the Receivership Team have attempted to respond to investor inquiries and continue to regularly respond and react to inquiries and requests for information.

The Receiver also organized and held a sixth “Town Hall” style webinar and telephone conference on March 12, 2019 to provide an update to investors and to answer questions submitted by investors. The Receiver has received positive feedback concerning these webinars and will continue to hold them periodically going forward. The videos of the Town Halls are available through the website (www.PlatinumReceivership.com).

5. **Defendants.** The Receivership Team continued to monitor the criminal proceedings and analyze any impact those proceedings may have on the Receivership.

6. **Schafer & Weiner.** On September 25, 2018, the Court issued its Memorandum Decision and Order denying Schafer & Weiner’s (“S&W”) fee application and reserving judgment on the Receiver’s cross-motion seeking disgorgement of the pre-Receivership fees paid to S&W. [Dkt. No. 383] S&W then appealed that decision to the U.S. Court of Appeals for the Second Circuit. The Receiver participated, and continues to participate, in the Second Circuit’s mandatory mediation conference (CAMP) and engaged, and continues to engage, in conversations with S&W and the SEC regarding a possible resolution of the appeal and the Receiver’s cross-motion.

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

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

8. **PPVA.** The Receiver and the Receivership Team had periodic teleconferences and in-person meetings with the joint liquidators for the PPVA Funds and their staff (collectively, the “PPVA Joint Liquidators”) to discuss the liquidation or analysis of assets that are jointly held by PPVA and Platinum. PPVA also commenced an action in the Southern District of New York that names several of the same defendants that the Receiver named in the Fraud Action based upon some of the same facts and allegations. The Receivership Team is coordinating with the Joint Liquidators and their counsel on certain litigation matters, including responding to discovery requests and the sharing of documents.

9. **Employees.** Since the Receiver’s appointment, the number of employees has been significantly reduced. Platinum currently has only two remaining employees: Chief Financial Officer and the General Counsel. The Director of Information Technology was transitioned to an independent consultancy at a lower cost to the Receivership Estate. His assistance has been essential to assisting the Receivership Team with responding to document requests in connection with the ongoing litigations.

10. **Taxes.** During the Reporting Period, members of the Receivership Team and Platinum’s Chief Financial Officer worked with Deloitte Tax LLP to monitor its efforts to prepare local, state and federal tax returns. Preparation of PPCO’s and PPLO’s 2018 tax returns is currently in process. The Receiver anticipates mailing K-1s to investors by the end of June 2019 and filing the returns with the appropriate government authorities shortly thereafter. The K-1 statements will show significant decreases in the value of investors’ interests in the funds. These decreases reflect that the monetization of certain significant receivership assets have

achieved less in proceeds than the value recorded on Platinum's books. The Receivership has not otherwise made any adjustments to the book values of the investments. The significant decreases in values of investors' interests compared to the realized amounts are reflective of the fact that assets were significantly overvalued by prior management. The amounts listed on the K-1s are not necessarily reflective of what distributions investors may ultimately receive in this case. The Receiver cannot provide any tax advice. Investors are encouraged to consult their own tax advisor on the impact of the K-1 statements on individual tax returns.

11. **Cayman Funds.** The Receiver worked with local counsel previously retained in connection with the addition of the three Cayman funds to the Receivership Estate on issues relevant to those funds, as well as broader issues involving Cayman law, including the liquidation proceedings commenced by a Beechwood Re affiliate in the Cayman Islands.

12. **Receiver Oversight.** Time during the Reporting Period was also devoted to the general oversight of the Platinum Entities and the Receivership Estate. Conferences with the Receiver and members of the Receivership Team occurred on a daily basis to facilitate the exchange of relevant information and to avoid duplication of effort. The Receivership Team met with the Receiver bi-monthly to discuss ongoing asset disposition, litigation, claims and other administrative matters. The Receiver maintains direct oversight over all of the legal and financially-related work being done by her Receivership Team. Otterbourg attorneys assisted the Receiver, along with assistance from internal management and Goldin, in analyzing budget and cash management issues.

III. CASH, EXPENSES AND UNENCUMBERED ASSETS

A schedule summarizing cash receipts and disbursements, as well as cash on hand for the Reporting Period, is set forth in the Schedule of Receipts and Disbursements attached hereto as **Exhibit A.**

As of March 31, 2019, the Receivership Entities had approximately \$37 million in funds. These funds include proceeds from the monetization of Platinum assets. Certain parties claiming an interest in particular assets sold have asserted claims to a portion of the sale proceeds of the particular assets sold (as opposed to a general claim against the Receivership Estate). Other parties have presented documentation purporting to grant them security interests in all or certain of Platinum's assets. These claims are being addressed.

Cash disbursements during the Reporting Period totaled approximately \$1.28 million. This amount consisted primarily of (i) \$403,948 in disbursements to professionals; (ii) \$418,195 in business asset expenses (payroll and related expenses paid to Platinum employees, as well as rent); and (iii) \$445,000 in investment expenses, which relates to expenses associated with the preservation of the LC Energy asset.

It is estimated that, as of March 31, 2019, accrued, unpaid administrative expenses amount to approximately \$6.2 million. This amount includes the estimate of fees and expenses that have been incurred by the Receiver, Otterbourg and Goldin during the Reporting Period and will be requested in future applications, holdbacks for prior applications of the Receiver, Otterbourg and Goldin, holdbacks to the Prior Receiver's counsel (Cooley) with respect to its interim fee application, and fees and expenses of other professionals retained by the Receiver or the Prior Receiver. In addition to these unpaid administrative expenses, the Receivership Estate paid remaining in-house Platinum staff and other operating expenses during the Reporting Period.

Cash receipts during the Reporting Period totaled approximately \$3 million. This amount primarily consists of net proceeds derived from dispositions (discussed below) associated with the following investment positions: Cokal (\$2.2 million) and Greentown Oil (\$800,000).

IV. RECEIVERSHIP PROPERTY

As of March 31, 2019, the primary assets of the Receivership Estate (“Receivership Property”) consisted of the following:

- (i) Cash and cash equivalents of approximately \$37 million;
- (ii) Real estate investments without any set book value, due to their inherently speculative nature;
- (iii) Remaining investments in natural resources, litigation financing, energy and other miscellaneous investments; and
- (iv) Potential litigation claims.

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

The Receiver cannot ascribe values to the assets that have not yet been monetized. Unfortunately, many, if not all, of the values ascribed to Platinum assets, whether by the Prior Receiver or Platinum management, were based upon assumptions that derived from prior (now removed) management’s plans, which are now (and likely always were) unrealistic, fraudulent and/or can otherwise no longer be supported. The actual realized value of these investments may differ materially from the valuations determined by Platinum’s prior management and/or the Prior Receiver, and the underlying assets may suffer from significant liabilities that were not accounted for in prior valuations. Many of the investments made by Platinum were investments in enterprises that are still in the developmental stage, have no established market value (with any future value being highly speculative) and, in some instances, require significant additional capital investment to even have the possibility of realizing a return on such investment. As such, the prior valuations were often based on assumptions that Platinum would invest significant additional capital in the assets with the hope that such investments would pay dividends in the long-term future. As the Court previously stated, the Receiver is not tasked with making

speculative investments or indulging in risky investment opportunities. *Houlihan Opinion* at 8. Even with such assumptions made by prior management regarding additional investment, the prior valuations may not have been supportable in view of the issues that the Receiver has encountered with respect to many of the assets.

There are certain assets that may ultimately have no realizable value. At this stage in the Receivership, all assets have been reviewed and disposition options for the remaining assets that are not in the process of being monetized are limited. Based upon the thorough due diligence performed by the Receivership Team, the Receiver's goal is to limit any further investment of professional resources in assets for which there has been a limited or non-existent market. If the Receiver believes that there is the possibility that a market will develop (e.g., a stock that is not currently trading, but for which the underlying company may develop into a profitable business), the Receiver may hold the asset for a period of time until a final decision must be made. Certain assets may ultimately be abandoned or become part of a bulk lot remnant sale. The Receivership Team also continues to work with other parties to realize upon assets that are subject to bankruptcy or liquidation proceedings.

Certain parties have asserted an interest, including an alleged secured interest, in some or all of the proceeds of the sale of assets. In the Fraud Action, the Receiver is seeking to void the blanket liens asserted on the Platinum assets.

The Receiver has focused on several investments during the Reporting Period. Below is an overview of certain of the investments in which the Receiver and the Receivership Team have dedicated significant time. The below summaries include a brief description of the nature of the investment, work performed, and status during the Reporting Period.

13. **Abdala Tailings Project** – refers to PPCO’s formerly held interests (through a subsidiary, West Ventures LLC) in a gold tailings impoundment located near Cuiababa, Brazil. PPCO owned contract rights to extract gold for a period of ten years from the tailings impoundment, which was adjacent to the former Abdala gold mining operation. The Abdala Tailings Project was previously sold to an affiliate of Centerbridge Partners, L.P. The sale was approved by the Court in September 2018 and the sale closed on November 29, 2018. The sale was for \$27.5 million in cash at closing (less payment of fees and taxes), plus potential additional consideration based on resource validation results and future mining revenues.

If the gold content of the tailings impoundment is validated to exceed 9 grams per ton, the Receivership Estate will be entitled to receive \$3 million in cash royalty advances approximately six months after closing. The Asset Purchase Agreement provides the mechanisms by which to validate the gold content, which must be completed by May 29, 2019. The Receiver will report on the results of the gold content validation in her next status report or at the next Town Hall meeting if completed by that time.

14. **ALS Life Settlements (Lincoln/Rosenberg Litigation)** – refers to a portfolio of life settlement investments owned through an entity in which PPCO is the majority owner and managing member. The previously approved sale of the life settlement portfolio closed during prior reporting periods. However, there was one policy that was not sold because the Receiver believes that the insurance company – Lincoln Life – improperly lapsed the policy prior to the current Receiver’s appointment. The insurance policy has a total death benefit of \$8.5 million (with ALS entitled to \$7.2 million of that total). The insured under the policy (Rosenberg) subsequently passed away, leaving the potential death benefit in dispute. The Receiver commenced an action in the Eastern District of New York and retained contingency counsel. A

back-end beneficiary under the policy (who the Receiver named as a nominal defendant because it was a necessary party to the litigation) has since filed counterclaims against the Receiver, seeking a ruling that it is entitled to 100% of the death benefit in the event that the Court determines that the Receivership somehow caused the alleged lapse. During the Reporting Period, the Receiver worked with contingency counsel to move to dismiss the counterclaims, which the Receiver believes are without merit, as well as continuing to pursue the primary claims against the insurer.

15. **American Patriot Gold** – refers to Platinum’s formerly held ownership interest, through Maximilian Resources LLC (“Maximilian”), to approximately 370 acres of land fee simple, in addition to patented mining claims in Montezuma County, Colorado. American Patriot Gold ran the Red Arrow Mine on the property until its mining permit was revoked in March 2014 as a result of non-payment of restitution for environmental and operational violations.

Based upon Conway MacKenzie’s due diligence, obtaining permits and selling the asset as a working gold mine was determined not to be an economical option due to the significant cost and timeframes involved. Accordingly, on August 22, 2018, the Receiver filed a motion to retain a local broker, Wells Group of Durango, Inc., to market and show the property to potential purchasers. [Dkt. No. 376] At a status conference before the Court on October 1, 2018, the Court authorized the Receiver to retain the broker. The broker actively marketed the property. Two bids were received and an auction was held on March 11, 2019. At the auction, the winning bid was for \$300,000 minus a \$20,000 credit for certain environmental remediation, which represented an \$80,000 increase above the initial bid. The Receiver filed a motion to approve the sale to the winning bidder and the Court entered an order approving the sale on March 22, 2019

[Dkt. No. 457]. The sale closed on April 3, 2019. After taking into account the environmental remediation credit and payment to the broker of its 8.5% fee (\$25,500), the Receivership Estate received net cash of \$254,500, which will be reflected in cash receipts for the current quarter.

16. **Arabella** – refers to three entities each containing Arabella in their names. In 2014, Platinum (PPCO) made a \$16 million loan to Arabella Exploration, Inc. (“AEI”) pursuant to a \$45 million dollar facility (the “Loan”). The 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” and, together with AEX and AEI, “Arabella”). Arabella had working interests in certain leased oil and gas properties in the Permian and Delaware Basins in Texas. AEX and AO are debtors in bankruptcy proceedings in the U.S. Bankruptcy Court for the Northern District of Texas (the “Texas Bankruptcy Court”) and a liquidation proceeding in the Cayman Islands (which has been recognized in a Chapter 15 case pending in the Texas Bankruptcy Court). Platinum filed claims in Arabella’s bankruptcy proceedings in an amount of \$20,061,589.

Arabella’s plan of reorganization was confirmed by the Texas Bankruptcy Court and the sale of assets closed at the end of 2018. From the sale proceeds, payments will be made by Arabella to certain third parties pursuant to settlement agreements entered into by Arabella with parties that had claimed an interest in Arabella’s assets. In addition, payments were made to the broker and the taxing authorities, and payments will also be made to certain lienholders with interests senior to those of Platinum, priority and administrative claimants and Arabella’s retained professionals, all entitled to be paid before Platinum will receive its share of the proceeds. Arabella, with our assistance, is seeking to resolve two remaining issues: (i) claims made by a handful of parties claiming to have materialman’s (oil) liens superior to those of

Platinum, and (ii) a non-operating former owner, which claims to be owed money from Arabella (Arabella asserts that these claims were released in a prior settlement). This last issue was arbitrated during the Reporting Period and Arabella is awaiting the decision from the Arbitrator. In addition, a global mediation has been scheduled to seek to resolve the claims of parties claiming to have oil liens. Once all of these remaining claims can be resolved, the remaining sale proceeds can be distributed, including Platinum's share after the foregoing payments are made.

The exact proceeds that Platinum will receive from the bankruptcy estate will depend upon the outcome of litigation and/or settlements with the oil lien claimants and the non-operating former owner. Certain parties have asserted a right to share in any proceeds that Platinum may recover from Arabella. Specifically, the Prior Receiver entered into a Participation Agreement with respect to the Arabella loan and the counterparty to that Agreement is asserting a right to the proceeds. In addition, prior management entered into a Guaranty Agreement with certain professionals that were retained to assist with the workout of the Arabella loan. These professionals are also claiming a right to the proceeds to cover their outstanding professional fees. The Receiver disputes these professionals' claims. The Receivership Team has been in discussions with these parties and filed an objection to the claim of the professionals made in the Texas Bankruptcy Court for payment of their fees where they claimed that they made a substantial contribution to the bankruptcy case. After all of these issues are resolved, the net recovery to the Receivership Estate is uncertain.

17. **China Horizon/Yellow River** – refers to PPCO's 45% interest in PGS⁶, which owns equity and debt interests in two companies -- China Horizon and Yellow River—created to

⁶ PPVA claims a 55% ownership interest in PGS.

build a chain of franchised convenience stores in rural China. The promissory note from China Horizon held by PGS has a face value of approximately \$9.0 million and PGS also holds approximately 6.5 million shares of common stock in Yellow River. China Horizon was originally a joint venture with another company, China Post. China Post subsequently pulled out of the joint venture and China Horizon transferred its intellectual property to Yellow River. Yellow River, in turn, distributed its equity to the debt and equity holders of China Horizon. Subsequent to the transfer, China Horizon received approximately \$15 million from China Post as proceeds of the settlement of a dispute between them. PPVA also directly holds debt and equity in China Horizon and Yellow River. The promissory notes from China Horizon are not yet due.

During mid-2018, the Receiver and PPVA received an expression of interest from Yellow River's largest investor to purchase PGS's and PPVA's collective interests in the China Horizon notes and the Yellow River equity position. An agreement in principle was reached; however, negotiations to document that agreement revealed certain issues that derailed the transaction. The Receiver has learned that the new majority owner is starting a process to raise capital and may be interested in having PPCO participate in the process so that it can sell its shares. The Receivership Team is keeping in contact with new management regarding the progress of its common stock sales.

18. **Cokal Limited** (ASX: "**CKA**") – refers to a coal mining company headquartered in Sydney, NSW. CKA's active mining project is on the island of Borneo in the Bumi Barito Mineral ("**BBM**") of Indonesia. Over the past year, the BBM mine was developed and CKA received commitments from several investors to support continued development of the mine.

PPCO originally held common stock, warrants, and a Note in CKA (PPVA also owned common stock, options, and a Note). As a result of a Debt Restructuring Transaction agreed to by prior management, the Note was restructured into new options and a royalty from revenues of the BBM.

PPCO and PPVA negotiated with one of CKA's current shareholders to sell the combined common stock and options. During the Reporting Period, the Receiver completed the sale (in multiple tranches) of PPCO's entire stock and options position for total revenues of \$2,213,490. Now that the stock and options transaction is completed, the Receiver is currently discussing with the same buyer entering into a sale for the remaining royalty.

19. **Greentown Oil Company** – refers to an investment in a company holding certain oil and gas assets located in the Paradox Basin in the state of Utah. Through Maximilian, PPCO holds a secured debt and equity interest in the company.

In connection with certain amounts owed under a loan, Maximilian asserted a right to certain insurance proceeds received by a Greentown related entity – Pacific Energy & Mining, Company (“Pacific”) – that Maximilian believed were assigned to it. In June 2017, while the Receivership case was pending, Pacific commenced a declaratory judgment action in the U.S. District Court for the District of Nevada (Pacific Energy & Mining Company v. Maximilian Resources LLC, Case No. 17-cv-00363 (HDM) (VPC)), seeking a declaration that Pacific did not owe any money to Maximilian. During the Reporting Period, the Receiver completed the negotiation and drafting of a Global Settlement Agreement whereby in consideration for \$800,000, the Receiver, on behalf of Maximilian, released all claims against Greentown and released all liens against its property.

20. **LC Energy** – refers to LC Energy Holdings, LLC, the owner of the Goldstar Coal Mine in Green County, Indiana, which is wholly owned by PPCO. PPCO acquired its ownership interest in the mine in March 2014 in the bankruptcy case of In re Lily Group, Inc., Case No. 13-81073 (Bankr. S.D. Ind.). The mine is currently idled.

Unlike the usual circumstance in which assets are sold from a bankruptcy estate free and clear of all liens, here, the bankruptcy court order did not provide for the sale of the assets to LC Energy free and clear of liens. As a result, there are potentially multiple liens and a claim by the committee of unsecured creditors in the Lily Group bankruptcy case against the LC Energy assets. These unresolved claims make a sale of the mine very difficult and would depress the price received. The Receivership Team, with the assistance of local counsel, tried for many months to both locate and negotiate with many of the parties who claimed to be lienholders in LC Energy. The Receiver was unsuccessful in locating all interested parties. As such, the Receiver filed a motion on December 6, 2018 [Dkt. No. 422] in the Receivership Court that sought entry of an order (i) authorizing the Receiver to sell the Receivership's rights in and to LC Energy free and clear of all liens, and (ii) approving certain bidding and claims procedures in connection with the proposed sale (the "Bid Procedures Motion"). The Receivership Court approved the Bid Procedures Motion on January 16, 2019 [Dkt. No. 444] and Houlihan Lokey immediately began to market the LC Energy assets.

The marketing process is currently in its end stage. The Receiver expects to provide a fuller report on the outcome of this asset in the next status report.

21. **NJ Ethanol LLC** – refers to a company that built a small-scale plant in New Jersey to convert food waste into food- and pharmaceutical-grade ethanol. The business failed and the plant was closed. PPCO owns Class B preferred and common stock. These shares have

limited marketability outside of a sale back to the company. The Receivership Team is currently in discussions to document the sale of Platinum's interests in NJ Ethanol on an "as is" basis to the company's principal for \$75,000. If this sale can be completed, it will be reflected in the next status report.

(a) **TARS** - refers to a \$6 million investment by a Platinum related entity in a *qui tam* action against a number of life insurance companies. At the time of the commencement of the receivership, the action was in its infancy and only a complaint had been filed (while the action had been pending since December 2010, the case was effectively stayed to allow the New York Attorney General to prosecute the case). In November 2017, the New York Attorney General determined not to prosecute the case; however, the plaintiff decided to continue prosecuting the action. At that point, the case documents were made public. The defendants subsequently filed motions to dismiss which motions were recently granted by the court. With the case having been dismissed, there are no current prospects for obtaining any recovery on this investment unless the plaintiff both successfully appeals the dismissal and either prevails in litigation or settles the litigation. Because this investment does not require any additional funding from the Receivership Estate, the Receiver will continue to monitor the proceedings and consider offering it in the bulk lot remnant sale.

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

Other than the one pending action relating to a specific asset -- Lincoln National Insurance (described above) -- the Receiver's investigation of pre-petition activities has so far resulted in the commencement of two litigations: (i) the Arbitration commenced on April 27, 2018 and (ii) the Fraud Action commenced on December 19, 2018. Both of these actions are in the discovery stages or the beginning of dispositive pleading stage and the Receiver cannot

predict the outcome of these litigations or the timing of collecting on any judgment or settlement that may ultimately be obtained.

The Receivership Team continues to analyze other pre-Receivership activities, including transfers made by PPCO and PPLO to other entities and individuals, and the professional services provided by, among others, valuation agents, fund administrators, auditors and legal advisors, to determine if any additional causes of action exist that warrant the commencement of litigation. For any claims in which a statute of limitations may be approaching, the Receiver has reached, and will continue to reach, out to the potential target to enter into tolling agreements to allow the receivership team the appropriate time to investigate potential claims and, if necessary, commence action(s) against those parties who have declined to toll the statute of limitations.

VI. LIABILITIES OF THE RECEIVERSHIP ESTATE

Pursuant to Paragraph 47 of the Receiver Order, below, please find a description of the Receivership Estate's potential liabilities as of March 31, 2019. Certain liabilities described herein, particularly those pertaining to creditor claims, are uncertain, and will remain as such until the Receivership Team concludes its claims analysis and forensic investigative processes.

A. Creditors. The creditor-related information presented below is based on prior management's books and records, which are as of December 19, 2016, the date Platinum entered receivership. The Receivership Team will test the veracity of these numbers and the underlying liability as part of its ongoing forensic investigative and upcoming claims analysis processes. The validity and amount of claims may differ materially from the values reported by prior management.

- PPCO lenders: PPCO owed \$65.9 million to three (3) lenders.
- PPCO unpaid redemptions: PPCO owed \$28.2 million to 21 PPCO unpaid redeemers.

- PPLO unpaid redemptions: PPLO owed \$6.5 million to three (3) PPLO unpaid redeemers.
- PPCO and PPLO outstanding payables: PPCO and PPLO had \$2.7 million of outstanding payables attributable to 23 vendors.⁷

B. Accrued Administrative Expenses. As of March 31, 2019, accrued, unpaid administrative expenses amount to approximately \$6.2 million. These administrative expenses primarily consist of accrued and unpaid professional fees. In addition to these unpaid administrative expenses, the Receivership Estate has budgeted approximately \$130,000 per month to pay the remaining in-house Platinum staff and to cover other operating expenses. The Receiver is continually looking to reduce these and other expenses.

C. Disbursements to Preserve the Value of Certain Investments. The Receiver expects to incur expenses amounting to at least \$110,000 per month to preserve the value of the LC Energy investments, pending the conclusion of the associated sales processes. The Receiver expended \$445,000 with respect to the LC Energy asset during the Reporting Period. The expense with respect to LC Energy was larger this Reporting Period because of a required bond renewal.

D. Investors. The Receiver currently believes that there are 286 known investors. The aggregate net cash invested by investors in the Platinum Entities is approximately \$310,000,000. After conferring with the SEC, at this time, to protect the privacy of the investors, the Receiver is not filing with this Fourth Status Report a list of the names of each investor and the amount of such investor's net cash investment. The actual amount and value of the investors' claims is ultimately dependent upon the net recovery obtained on Receivership

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

Property. The amount of “net cash invested” may be materially different than the amount ultimately received by the investor.

VII. CLAIMS ANALYSIS

Resolution of the blanket secured liens asserted on the Platinum assets, which is addressed in the Fraud Action, must occur before any distributions can be made to unsecured and investor claims. Nonetheless, the Receiver is proceeding on parallel paths by commencing the claims review process. Establishing a claims bar date was a necessary step in the plan of distribution promulgation process. Pursuant to the previously approved bar date procedures motion, the bar date to file a proof of claim asserting a claim arising before the Receivership was March 29, 2019 and the bar date for governmental units to file a proof of claim was April 12, 2019. Parties holding investor claims, claims for unpaid redemptions and administrative claims were not required to file proofs of claim. In addition, the Receiver has claims that may have been filed with the Prior Receiver. In total, 327 claims were filed prior to the bar date. Some of these claims may be duplicate claims and some may be asserted against non-Receivership Entities. The Receivership Team has preliminarily reviewed the filed claims, but has not yet done an in depth analysis of each claim, including which claims may be the subject to an objection and disallowance.

The Receiver cannot at this time state what distributions will ultimately be or even the pot that will ultimately be available for distribution. The Receiver now has a better sense of the total sum of money that the receivership will likely receive from the liquidation of hard physical assets, but there could be additional proceeds down the line from residual interests in asset and possible litigation recoveries. More importantly, the Receiver needs to determine the scope of claims of creditors and investors and who are entitled to a distribution. Addressing the asserted secured blanket liens on the assets is also fundamental to formulating a distribution plan. Also,

in addition to determining how to treat different claims (*e.g.*, unsecured creditor claims, unpaid redemption claims, insider claims, investor claims), the Receiver will need to determine if the various Platinum entities will be fully or partially consolidated for claim and distribution purposes or if each will be treated separately. There may also be issues of Cayman law regarding the three Cayman funds that may be implicated.

VIII. RECOMMENDATIONS FOR CONTINUATION OR DISCONTINUATION OF RECEIVERSHIP

The Receiver believes that continuation of the receivership is in the best interests of the creditors and investors of the Platinum Entities. While the Platinum Entities could be liquidated in a bankruptcy proceeding, for the reasons stated in the Receiver's previous Status Reports, the Receiver continues to believe that continuing with the orderly liquidation of the Platinum Entities in this receivership case provides greater flexibility to achieve an equitable result for the investors who have been wronged here. To start over at this advance point in the Receivership case would be extremely time consuming and expensive.

IX. CONCLUSION

The Receiver cannot at this time state when she expects the case to be concluded. The focus has shifted from the liquidation of assets to assertion of claims, resolution of purported blanket secured liens, and the claims review and reconciliation process.

Dated: April 22, 2019

Otterbourg P.C.

By: /s/ Adam C. Silverstein

Adam C. Silverstein

Jennifer S. Feeney

Erik B. Weinick

230 Park Avenue

New York, New York 10169

Tel.: (212) 661-9100

Fax: (212) 682-6104

asilverstein@otterbourg.com

platinumreceiver@otterbourg.com

On Behalf of Melanie L. Cyganowski, as Receiver

EXHIBIT A

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

	Period from 1/1/2019 to 3/31/2019			Cumulative Total from 7/7/2017 to 3/31/2019		
	PPCO	PPLO	Total	PPCO	PPLO	Total
Cash (Beginning of Period)	\$ 33,509,999	\$ 1,798,827	\$ 35,308,826	\$ 7,788,872	\$ 1,617,492	\$ 9,406,363
Receipts						
Business Income	-	-	-	-	-	-
Cash and Securities	-	-	-	-	-	-
Interest/Dividend Income	110	-	110	110	2,321	2,432
Business Asset Liquidation	1,610,204	1,407,656	3,017,860	61,960,233	1,594,800	63,555,032
Personal Asset Liquidation	-	-	-	-	-	-
Third-Party Litigation Income	-	-	-	-	-	-
Miscellaneous - Other	21,257	-	21,257	559,765	3,294	563,059
Total Receipts	\$ 1,631,571	\$ 1,407,656	\$ 3,039,227	\$ 62,520,108	\$ 1,600,415	\$ 64,120,523
Disbursements						
Disbursements to Investors/Claimants	-	-	-	-	-	-
Disbursements for Receivership Operations	-	-	-	-	-	-
Disbursements to Receiver or Other Professionals	(403,948)	-	(403,948)	(13,458,537)	-	(13,458,537)
Business Asset Expenses	(418,195)	-	(418,195)	(3,767,988)	(396)	(3,768,384)
Personal Asset Expenses	-	-	-	-	-	-
Investment Expenses	(445,000)	-	(445,000)	(19,105,679)	-	(19,105,679)
Third-Party Litigation Expenses	-	-	-	-	-	-
Tax Administrator Fees and Bonds	(9,567)	-	(9,567)	(111,914)	(11,028)	(122,942)
Federal and State Tax Payments	-	-	-	-	-	-
Disbursements for Distribution Expenses Paid by the Fund	-	-	-	-	-	-
Disbursements to Court/Other	-	-	-	-	-	-
Total Disbursements	\$ (1,276,710)	\$ -	\$ (1,276,710)	\$ (36,444,119)	\$ (11,424)	\$ (36,455,543)
Cash (End of Period)	\$ 33,864,861	\$ 3,206,483	\$ 37,071,343	\$ 33,864,861	\$ 3,206,483	\$ 37,071,343

EXHIBIT B

Receivership Property List

PPCO Assets

Asset Name	Asset Type
1) Abdala Tailings Project	Royalty Stream
2) Acceleration Bay	Back-end proceeds from litigation
3) Activision TV, Inc.	Patent Portfolio
4) Agera Energy LLC	Preferred Stock
5) ALS Capital Ventures, LLC	Life Settlements Portfolio
6) American Patriot Gold, LLC	Fee Ownership of Real Estate
7) Andrew McCarrell v. Hoffmann - La Roche Inc. and Roche Laboratories, Inc. (Accutane)	Litigation Finance Investment
8) Arabella Exploration Inc.	Loan Receivable
9) Bahamas Properties	Ownership Interest
10) Buffalo Lake Advanced Biofuels LLC	1) Loan Receivable 2) Common Stock
11) Carbon Credits	Participations in PPVA deals
12) Celsius Resources Ltd	Common Stock
13) China Horizon Investment Group Ltd.	Loan Receivable
14) Claus Shelling Family Trust	Life Settlements Portfolio
15) Cleveland Mining Company Ltd.	1) Loan Receivable 2) Common Stock
16) Credit Card Receivables Portfolio	Loan Receivable
17) Decision Diagnostics Corp.	Preferred Stock
18) Environmental Service Professionals, Inc.	Common Stock

Receivership Property List

PPCO Assets

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

Receivership Property List

PPLO Assets

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

Receivership Property List

Jointly Held PPCO / PPLO Assets

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