

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 (BMC)

THE RECEIVER’S TWELFTH STATUS REPORT TO THE COURT

Melanie L. Cyganowski, the duly appointed Receiver (the “Receiver”) of Platinum Credit Management, L.P., Platinum Partners Credit Opportunities Master Fund LP,¹ Platinum Partners Credit Opportunities Fund (TE) LLC, Platinum Partners Credit Opportunities Fund LLC, Platinum Partners Credit Opportunity Fund (BL) LLC, Platinum Liquid Opportunity Management (NY) LLC, Platinum Partners Liquid Opportunity Fund (USA) L.P., Platinum Partners Liquid Opportunity Master Fund L.P., Platinum Partners Credit Opportunities Fund International Ltd and Platinum Partners Credit Opportunities Fund International (A) Ltd (collectively, the “Receivership Entities,” the “Platinum Entities” or “Platinum”), by her undersigned counsel, hereby submits this Twelfth Status Report, covering the period from April 1, 2020 through and including June 30, 2020 (the “Reporting Period”).

¹ Platinum Partners Credit Opportunities Master Fund LP and its feeder funds are collectively referred to herein as “PPCO” or “PPCO Funds” and the Platinum Partners Liquid Opportunity Funds are collectively referred to as “PPLO” or “PPLO Funds”.

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

I. PRELIMINARY STATEMENT

During the Reporting Period, the Receiver and her team² have focused on (i) documenting the settlement reached with respect to the litigation commenced by the Receiver in the United States District Court for the Southern District of New York (the “District Court”) against various defendants seeking to avoid certain liens that would adversely impact potential distributions to investors and creditors (the “Beechwood Action”); (ii) negotiating with the joint liquidators for Platinum Partners Value Arbitrage Fund L.P. (together with its feeder funds, “PPVA” or “PPVA Funds”) regarding the resolution of potential claims between the estates; (iii) monetizing the few remaining assets that can be liquidated; and (iv) formulating the structure of a plan of distribution.

As previously reported, certain of the settlements that the Receiver reached during the course of the Receivership are confidential. To preserve the confidentiality of these settlements, beginning with the prior Status Report and in all subsequent Status Reports, the Receiver would not and will not disclose details of *any* settlements, including the identity of the settling parties, the amounts agreed to be paid by such parties, whether such amounts are to be paid in structured payouts or over what period of time, and/or the source of any litigation-related funds received in any reporting period, unless such details are matters of public record by virtue of a motion for Court approval of such settlement or otherwise.

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”).

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 held by the Prior Receiver. [Dkt. No. 216].

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

B. Analysis and Disposition of Receivership Assets

During the Reporting Period, the Receiver sought to complete the monetization of any remaining assets for which there has been interest during the case and/or resolve ongoing litigation commenced with respect to estate assets. As described more fully below, the Receiver completed the sale of PPCO’s royalty interest in Cokal, sold its stock interest in Navidea and resolved the Greehey litigation. The Receiver also anticipates (i) finalizing the monetization of its debt and equity in Cleveland Mining Ltd. and Cleveland Mining Holdings, Australian entities

owning gold mining and pig iron exploration ventures in Brazil during this quarter (3Q 2020) and (ii) taking action to liquidate its interest in Decision Diagnostics.

During the current Reporting Period, the Platinum Receivership received approximately \$8.1 million. This amount is in addition to the approximately \$71.6 million received by the Platinum Receivership from the liquidation of various assets from the date of appointment of the Receiver. Certain parties have asserted a claim to all or part of the proceeds of such liquidated investments, which are being addressed through the resolution of the Beechwood Action.

C. Investigation of Pre-Receivership Activities and Litigation

During the Reporting Period, the Receivership Team focused its efforts on negotiating and finalizing the settlement of the Beechwood Action. The details of any settlements, other than those that are matters of public record, will not be disclosed in order to preserve the confidentiality of the Receiver's confidential settlements (as discussed above).

1. The Beechwood Action

On December 19, 2018, the Receiver commenced the Beechwood Action in the District Court against (i) certain so-called Beechwood entities, (ii) Senior Health Insurance Company of Pennsylvania ("SHIP"), (iii) Fuzion Analytics, Inc. ("Fuzion"), (iv) CNO Financial Group, Inc. ("CNO"), (v) Bankers Consec Life Insurance Company ("BCLIC"), (vi) Washington National Insurance Company ("WNIC") and (vii) 40|86 Advisors, Inc ("40/86"). 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 District Court. On March 29, 2019, the Receiver filed an amended complaint.

Each of the defendants in the Beechwood Action filed motions to dismiss the Amended Complaint. The hearing on the motions to dismiss took place on August 15, 2019. On October

7, 2019, Judge Rakoff issued an Opinion and Order, which, while dismissing many of the Receiver's causes of action for monetary damages, sustained her causes of action to set aside the liens, as well as the Receiver's causes of action for aiding and abetting breach of fiduciary duty, and unjust enrichment against certain of the defendants. The Receiver filed a motion for partial summary judgment against one of the defendants, and responded to motions for summary judgment filed by the other defendants in the Beechwood Action. The Receiver's professionals prepared to present oral argument on these motions on April 7, 2020; however, settlements in principle were reached on the eve of argument, and, accordingly, argument was only heard by the Court on the one motion not covered by those settlements. By Memorandum and Opinion dated April 15, 2020, the Court granted that defendant's motion for summary judgment.

During the Reporting Period, the Receiver completed the negotiation of the settlements and on July 1, 2020 entered into two settlement agreements:

1. A settlement agreement with (i) CNO, BCLIC, WNIC, 40|86 Advisors (collectively with CNO, BCLIC and WNIC, the "CNO Defendants") and (ii) BRe WNIC 2013 LTC Primary, BRe WNIC 2013 LTC Sub, BRe BCLIC Primary and BRe BCLIC Sub, as represented by Wilmington Trust, N.A., in its capacity as their former custodian (collectively with the CNO Defendants, the "CNO Parties"); and
2. A settlement agreement with SHIP and Fuzion (together with SHIP, the "SHIP Parties").

Also on July 1, 2020, the Receiver filed a motion with the Court requesting approval of the settlement agreements (the "Beechwood Settlement Motion"). Objections to the Beechwood Settlement Motion were required to be filed by July 17, 2020. No objections to the Settlement

Motion were received and an Order approving the Beechwood Settlement Motion was entered by the Court today, July 20, 2020 [Dkt. No. 538].

As set forth in more detail in the Beechwood Settlement Motion, one of the primary obstacles to the successful completion of the receivership and formulation of a plan of liquidation and distribution is more than \$79 million (principal amount) of debt (the “Secured Debt”) allegedly owed by PPCO, guaranteed by certain of its subsidiaries and secured by all of PPCO’s and its subsidiaries’ assets, to a group of secured noteholders (the “Noteholders”) for which BAM Administrative Services, LLC (“BAM Admin”) is agent.

As a result of the settlements, PPCO and more than sixty subsidiaries of PPCO will receive, among other consideration, satisfaction of more than \$44 million of the Secured Debt (principal amount) owned by SHIP, BCLIC, WNIC and Beechwood Bermuda International Ltd. (“BBIL”), and extinguishment of a total of 38 proofs of claim filed by BCLIC, WNIC, SHIP and Fuzion in the receivership in exchange for, among other consideration, a total payment of \$14 million (\$4.5 million of which will be paid into escrow and used, if needed, to indemnify PPCO for claims based on alleged Secured Debt of three other Noteholders, which Noteholders failed to file their own proofs of claim), and dismissal of the Receiver’s claims against the settling defendants and certain other parties.

The Receivership Entities will also exchange general releases with the CNO Parties and the SHIP Parties, BBIL, its parent Beechwood Bermuda Ltd., their affiliate, Beechwood Re Limited and certain other Beechwood Parties, other than BAM Admin in its capacity as “Agent” for the Noteholders (subject to certain exceptions described in the Motion).

SHIP, BCLIC, WNIC, BBIL and BAM Admin will also permit the release of more than \$6.3 million currently being held in an escrow account containing the proceeds of the sale of

certain life insurance policies previously owned by indirect PPCO subsidiaries ALS Capital Ventures LLC and ALS Life Holdings LLC enabling the Receiver to use and/or distribute those funds as described in the Beechwood Settlement Motion.

As set forth in the Beechwood Settlement Motion, one of the driving forces behind the settlement is the Receiver's recognition that if she were unsuccessful in avoiding the secured claims of the Noteholders in the Beechwood Action, then all of the assets of the Receivership Estate, which are worth less than the \$44 million of outstanding principal amount of the Secured Debt owned by those creditors, would be the collateral of the Secured Debt holders, leaving nothing for unsecured creditors and investors.

Further information regarding the Beechwood Action and Beechwood Settlement Motion can be found on the Receiver's website, www.PlatinumReceivership.com.

2. Additional Review of Potential Claims

The Receiver and the Receivership Team have been reviewing whether additional causes of action against other parties should be asserted, including any causes of actions to recover pre-Receivership transfer of assets, claims against insiders or actions to subordinate claims. The Receiver has entered into tolling agreements with certain third parties. Final decisions are being made whether to commence, or to settle out of court, any additional claims.

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 PPVA,³ the SEC and Platinum investors. The Receiver updates the Receiver's website with key

³ 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.

documents, answers to frequently asked questions and status reports to investors. The website also includes links to the Beechwood Action docket.

In addition, the Receivership Team filed and responded to other applications made before this Court and in other court proceedings involving Platinum. Some of the Platinum investments were 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.

1. **PPVA**. Since the Receiver's appointment, she and the Receivership Team have kept in frequent communication with the Joint Liquidators for the PPVA Master Fund and the PPVA Feeder Fund and/or their staff to discuss issues of mutual interest, including jointly held assets, the Beechwood Action, a related Chapter 15 bankruptcy proceeding and additional claims that may be jointly held. One of the assets in which both PPVA and PPCO have an interest is Agera Energy LLC and Agera Holdings, LLC (collectively, "Agera"). Agera is a retail energy service company. In June 2016, prior to the receivership, Principal Growth Strategy, LLC ("PGS"), which is owned 55% by PPVA and 45% by PPCO, sold a portion of its interests in Agera to certain entities affiliated and/or associated with Beechwood Re Investments LLC. Pursuant to their respective interests in PGS, both PPVA and PPCO agreed to pursue certain claims and causes of action relating to PGS's ownership of a certain promissory note convertible into 95% of the common equity of energy reseller Agera Energy (the "Agera Claims").⁴ In connection with such agreement, a complaint was filed in the Court of Chancery of the State of

⁴ On October 4, 2019, Agera Energy LLC and certain of its affiliates, none of which are parties to the Agera Action, filed for chapter 11 bankruptcy relief in the United States Bankruptcy Court for the Southern District of New York, Case No. 19-23803.

Delaware on June 7, 2019 against numerous defendants, including AGH Parent LLC, SHIP and CNO (the “Agera Action”).

PPVA and PPCO have each asserted claims against the estate of the other stemming from pre-Receivership transactions. The Receiver and the joint liquidators previously agreed to hold the resolution of such purported claims in abeyance during the cases. During the Reporting Period, in connection with efforts to wind-down the case, the Receiver engaged in discussions with the joint liquidators of PPVA regarding a resolution of such purported claims and any remaining mutual interests, such as the Agera Action. Such discussions continued throughout the Reporting Period the Receiver anticipates a resolution to be reached during the current calendar quarter.

2. Website and Investor Communications. In accordance with Section E.2.1 (Communications with Investors), the receivership retained Epic, f/k/a Garden City Group, to create and maintain 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 revises the website as necessary to update the “Frequently Asked Questions” section and to add “key documents.” The website allows interested parties to sign up to receive daily notices whenever there are new filings on the Receivership docket. The Receiver and the Receivership Team have attempted to respond to investor inquiries and continue to regularly respond and react to inquiries and requests for information.

3. Criminal Trial. Following the criminal trial of Mark Nordlicht, David Levy and Joseph SanFilippo, the jury returned a verdict convicting Nordlicht and Levy of defrauding bondholders in portfolio company Black Elk Offshore Operations LLC, but acquitting each of

them on the remaining charges. SanFilippo was acquitted on all counts with which he was charged. The Court thereafter overturned the jury verdict with respect to Levy and ordered a new trial with respect to Nordlicht. The Department of Justice has appealed those decisions, and in the interim, two additional criminal trials have been delayed. There have been no significant updates with respect to the appeal.

4. 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 2019 tax returns is nearing completion and we expect to mail K-1s to investors in the next few weeks. The K-1 statements will show significant decreases in the value of investors' interests in the funds. These decreases reflect that the monetization of 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.

5. SEC Meetings. The Receiver also communicated from time to time 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.

6. **Receivership Estate 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 regular basis to facilitate the exchange of relevant information and to avoid duplication of effort. The Receivership Team met with the Receiver regularly to discuss ongoing asset disposition, litigation, claims and other administrative matters, and prepared agendas and reviewed assets for discussion in advance of the meetings. The Receiver maintained direct oversight over all legal and financial-related work being done by her Receivership Team. Otterbourg attorneys assisted the Receiver, along with assistance from internal management and Goldin, in analyzing budget, cash management and other administrative issues of the Receivership estate.

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 June 30, 2020, the Receivership Entities had approximately \$36.4 million in funds. Certain parties have claimed an interest in certain sold assets and have asserted claims to a portion of the sale proceeds of such assets (as opposed to a general claim against the Receivership Estate). Other parties have presented documentation which purportedly grant them security interests in all or certain of Platinum's assets. These secured claims were challenged and are subject to settlements as discussed in Section II hereof.

Cash disbursements during the Reporting Period totaled approximately \$1.77 million. This amount consisted primarily of (i) \$1,434,647 in disbursements to professionals and (ii)

\$337,651 in business asset expenses (payroll and related expenses paid to Platinum employees, as well as office rent).

It is estimated that, as of June 30, 2020, accrued and unpaid administrative expenses amount to approximately \$4.56 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 that 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 \$8.1 million. This amount primarily consists of proceeds from asset sales and prior and/or current settlements.

IV. RECEIVERSHIP PROPERTY

As of June 30, 2020, the primary assets of the Receivership Estate ("Receivership Property") consisted of the following:

- (i) Cash and cash equivalents of approximately \$36.4 million;
- (ii) Remaining stock and royalty interests, litigation financing, loan receivables and other miscellaneous investments; and
- (iii) Potential litigation claims.

A list of Receivership Property – namely, each asset of the PPCO and PPLO entities – is attached hereto as **Exhibit B**.⁵

⁵ The Receivership Property List has been updated to reflect realizations in the current quarter, as well as, corporate actions or events that resulted in a divestment or cancellation of the Funds' interest in an investment.

The Receiver's goal is to complete the monetization of the non-litigation assets by the third quarter of this year. There are certain assets in the portfolio that may ultimately have no realizable value. Many of the investments made by Platinum were investments in enterprises that were in the developmental stage, had no established market value (with any future value being highly speculative) and, in some instances, required significant additional capital investment to even have the possibility of realizing a return on such investment. As such, the prior valuations were often seemingly 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. Even with such assumptions made by prior management regarding additional investment, the prior valuations generally were not supportable.

The Receiver's attorneys resolved the Greehey Action (discussed below) during the Reporting Period and negotiations have progressed to resolve certain other litigations the Receiver commenced and/or has an interest and to dispose of certain other assets that also remain in the PPCO portfolio, such as debt and equity in Cleveland Mining Ltd. and Cleveland Mining Holdings, Australian entities owning gold mining and pig iron exploration ventures in Brazil.

Below is an overview of certain of non-litigation assets (although the assets may be subject to litigation) in which the Receiver and the Receivership Team have focused on during the Reporting Period. The below summaries include a brief description of the nature of the asset, work performed, and status during the Reporting Period.

1. **Cleveland Mining** – refers to Cleveland Mining Company Limited (“Cleveland Mining”), a publicly listed company located in Australia, and its subsidiary Cleveland Iron Holdings Pty Ltd (“Iron Holdings”). PPCO and Platinum Long Term Growth VII LLC are owed approximately \$15.6 million, which is secured by a first priority security interest in all of

Cleveland Mining's and Iron Holdings assets. PPCO also holds approximately 29.3 million shares of Cleveland Mining and approximately 50% of the equity of Iron Holdings. Cleveland Mining has a 50% joint venture interest in a gold mine located in Brazil, which is currently not operating and is the subject of litigation in Brazil.

Cleveland Mining was placed into a liquidation proceeding in Australia and PPCO filed a proof of debt form to register its claim and has been working with the Australian liquidators and the Receiver's local counsel regarding a sale of the publicly listed corporate shell and an allocation of the proceeds between the liquidators and PPCO. The liquidators previously had a purchaser for the shell company, but the buyer was unable to close the transaction and lost its deposit. Since the default by the purchaser, the liquidators have negotiated an amended plan, pursuant to which the purchaser, together with certain other individuals, have agreed to purchase the shell company. An amended plan was sent to creditors in late May, pursuant to which PPCO is to receive the first AUD 160,000 of the purchase price (approximately AUD 350,000) in consideration for releasing its security. The amended plan was approved by the creditors and the transaction is scheduled to close by July 31, 2020.

2. 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. 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 BBM. During the first quarter of 2020, the Receiver entered into an agreement for the sale of PPCO's royalty interest. During the Reporting Period, the sale closed and PPCO received the sale proceeds.

3. **Decision Diagnostics** – refers to Decision Diagnostics Corp. (“Decision Diagnostics”), a company that describes itself on its website as “a leading manufacturer of low cost home testing devices and test strips for use with legacy meters.” Earlier this year, Decision Diagnostics announced that it would be developing a COVID-19 test.

Alpha Credit Resources LLC (“Alpha Credit”), a wholly-owned subsidiary of PPCO, holds certain common and preferred shares in Decision Diagnostics. According to certain of Decision Diagnostics’ financial statements, Decision Diagnostics has purported to cancel some or all of Alpha Credit’s shares in Decision Diagnostics. Decision Diagnostics has also refused to remove a restrictive legend from Alpha Credit’s shares in Decision Diagnostics and to convert Alpha Credit’s preferred shares in Decision Diagnostics into common shares. The Receiver believes that Decision Diagnostics’ actions in purporting to cancel, refusing to remove the restrictive legend from, and refusing to convert Alpha Credit’s shares are unjustified. As of the date hereof, the Receiver is in the process of taking action to assert her legal rights and remedies against Decision Diagnostics and will provide additional updates in future reports.

4. **Greehey** – refers to a \$3.23 million secured loan (the “Loan”) made by a wholly owned subsidiary of PPCO, Bakken Development Opportunities, I, LLC (“Bakken”), to Greehey & Company, Ltd. (“Greehey”) and Dynamic Resources LLC (“Dynamic,” and together with Greehey, “Defendants”). The Loan was secured by certain real property located in Telluride, Colorado and certain oil and gas leases located in North Dakota. The Loan matured on August 31, 2017. Despite repeated requests by the Receiver, the Defendants failed to pay the amounts outstanding under the Loan and on August 1, 2019, the Receiver commenced a lawsuit against Greehey and Dynamic (the “Greehey Litigation”) seeking entry of a judgment holding Defendants in default on an immediate payment obligation to Bakken, in addition to associated

interest, costs and expenses, including reasonable attorneys' fees and costs. The Defendants asserted counterclaims against Bakken for breach of the Loan, including failure to provide additional funding. The Receiver responded to the counterclaims and discovery was ongoing during the Reporting Period. Towards the end of the discovery process, the parties agreed to seek to resolve the Greehey Litigation through mediation. A one-day mediation session occurred on June 11, 2020 and as a result of such mediation a consensual resolution was reached and the Greehey Action will be dismissed.

5. **Navidea** – refers to PPCO's prior equity interest in Navidea Biopharmaceuticals, Inc. ("**Navidea**"). PPCO's stock interest were liquidated during the Reporting Period for \$11,211.47.

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

As set forth above, to preserve the confidentiality of certain settlements that the Receiver has reached during the Receivership, the Receiver will not disclose details of any settlements, including the identity of the settling parties, the amounts agreed to be paid by such parties, whether such amounts are to be paid in structured payouts and over what period of time, and the source of any litigation-related funds received in any reporting period, unless such details are matters of public record by virtue of a motion for Court approval of such settlement or otherwise.

The Receivership Team is concluding its review and analysis of other pre-Receivership activities, including transfers made by PPCO and PPLO to other entities and individuals, and the professional services provided by, among others, valuation agents, fund administrators, auditors and legal advisors, to determine if any additional causes of action exist that, on a cost-benefit basis, warrant the commencement of litigation. The Receiver is also considering whether any actions are warranted against certain insiders of the Platinum Entities. The Receiver will be

making final determinations in the coming months whether any additional actions will be commenced.

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 June 30, 2020. 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 approximately \$69.1 million (plus interest) to certain lenders. In the Beechwood Action, the Receiver is seeking to avoid that debt and the liens allegedly securing it. When they become effective, the Receiver's settlements with the SHIP Parties and the CNO Parties will reduce the amount of this debt.
- 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.⁶

B. Accrued Administrative Expenses. As of June 30, 2020, accrued and unpaid administrative expenses amounted to approximately \$4.56 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, such as office rent.

C. Disbursements to Preserve the Value of Certain Investments. No significant expenses, other than payment to local counsel in certain circumstances, are being incurred by the Receivership to maintain any of the remaining portfolio investments.

D. Investors. The Receiver currently believes that there are 286 known investors in the Platinum Entities. Platinum's books and records reflect that unaffiliated investor claims total at least \$337 million, including claims for unpaid redemptions by unaffiliated investors totaling at least \$34.5 million, and that affiliated investor claims total at least \$50.7 million. After conferring with the SEC, at this time, to protect the privacy of such investors, the Receiver is not filing with this Status Report a list of the names of each investor and the amount of such investor's net cash investment. The actual amount and value of the investors' claims is dependent upon the net recovery obtained on Receivership Property. The amount of "net cash invested" by an investor may be materially less than the amount ultimately received by such investor.

⁶ This amount reflects PPCO's books and records, but may be revised based upon the review of the filed pre-Receivership general claims.

VII. CLAIMS ANALYSIS

Now that all or significant issues regarding the purported blanket secured liens asserted on the Platinum assets, which is addressed in the Beechwood Action, are close to being resolved, the Receivership Team will be increasing its focus on a distribution plan. The Receiver anticipates that a proposed distribution plan will be filed by the end of this year. In total, 327 claims were filed prior to the applicable bar date. Some of these claims may be duplicate claims and some may be asserted against non-Receivership Entities. Parties holding investor claims, claims for unpaid redemptions and administrative claims were not required to file proofs of claim.

The Receiver cannot at this time state what distributions will ultimately be to creditors and investors. Also, in addition to determining how to treat different claims (*e.g.*, unsecured creditor claims, unpaid redemption claims, insider claims, non-insider 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 also may be implicated.

VIII. RECOMMENDATIONS FOR CONTINUATION OR DISCONTINUATION OF RECEIVERSHIP

As during prior Reporting Periods, the Receiver believes that continuation of the receivership is in the best interests of the creditors of and investors in the Platinum Entities. While the Platinum Entities could continue to be liquidated in a bankruptcy proceeding, for the reasons stated in the Receiver's previous Status Reports and in the Receiver's Response to Minute Order [Dkt. Nos. 516], the Receiver continues to believe that, at this time, continuing with the orderly liquidation of the Platinum Entities in this receivership case and pursuit of the legal actions commenced by the Receiver provides greater flexibility to achieve an equitable

result for the investors who have been wronged here and would provide greater efficiencies and preservation of estate assets.

A more detailed explanation and reasoning for why the Receiver believes that, at this time, the interests of all stakeholders would be best served by continuing to administer the Receivership outside of bankruptcy is set forth in the Receiver's Response to Minute Order. On January 22, 2020, the Court issued an Order on the docket, pursuant to which the Court found that compelling the Receiver to file a bankruptcy petition at this point would not be in the best interest of all parties.

IX. CONCLUSION

The Receiver believes that the Receivership is currently entering the final stages in which the remaining assets that can be monetized will be, the significant litigations have concluded or will be concluding and the issues regarding the purported blanket liens resolved. The Receiver is now focused on preparing a plan of distribution of assets to creditors and investors, making final determinations regarding the commencement of any additional litigations and resolving any claim issues.

Dated: July 20, 2020

Otterbourg P.C.

By: /s/ Adam C. Silverstein

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On Behalf of Melanie L. Cyganowski, as Receiver

EXHIBIT A

PLATINUM PARTNERS CREDIT OPPORTUNITIES MASTER FUND LP AND AFFILIATED ENTITIES

STANDARDIZED FUND ACCOUNTING REPORT

Reporting Period from 4/1/2020 to 6/30/2020

FUND ACCOUNTING (See Instructions)		Period from 4/1/2020 to 6/30/2020		
		PPCO	PPLO	Total
Line 1	Beginning Balance (As of 4/1/2020)	\$ 26,743,915	\$ 3,353,717	\$ 30,097,631
	<i>Increases in Fund Balance:</i>			
Line 2	Business Income	-	-	-
Line 3	Cash and Securities	-	-	-
Line 4	Interest/Dividend Income	12,518	16,447	28,964
Lines 5, 6, 7	Asset Liquidations and Third-Party Litigations Income	8,076,169	-	8,076,169
Line 8	Miscellaneous - Other	-	-	-
	Total Funds Available (Lines 1-8)	\$ 34,832,601	\$ 3,370,164	\$ 38,202,765
	<i>Decreases in Fund Balance:</i>			
Line 9	Disbursements to Investors/Claimants	-	-	-
Line 10	Disbursements for Receivership Operations	-	-	-
Line 10a	Disbursements to Receiver or Other Professionals	(1,434,647)	-	(1,434,647)
Line 10b	Business Asset Expenses	(337,651)	-	(337,651)
Line 10c	Personal Asset Expenses	-	-	-
Line 10d	Investment Expenses	-	-	-
Line 10e	Third-Party Litigation Expenses	-	-	-
	1. Attorney Fees	-	-	-
	2. Litigation Expenses	-	-	-
	Total Third-Party Litigation Expenses	-	-	-
Line 10f	Tax Administrator Fees and Bonds	-	-	-
Line 10g	Federal and State Tax Payments	-	-	-
	Total Disbursements for Receivership Operations	\$ (1,772,298)	\$ -	\$ (1,772,298)
Line 11	Disbursements for Distribution Expenses Paid by the Fund	-	-	-
Line 12	Disbursements to Court/Other	-	-	-
	Total Funds Disbursed	\$ (1,772,298)	\$ -	\$ (1,772,298)
Line 13	Ending Balance (As of 6/30/2020)	\$ 33,060,303	\$ 3,370,164	\$ 36,430,467

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) Carbon Credits	Participations in PPVA deals
7) Celsius Resources Ltd	Common Stock
8) China Horizon Investment Group Ltd.	Loan Receivable
9) Claus Shelling Family Trust	Life Settlements Portfolio
10) Cleveland Mining Company Ltd.	1) Loan Receivable 2) Common Stock
11) Credit Card Receivables Portfolio	Loan Receivable
12) Decision Diagnostics Corp.	Preferred Stock
13) Environmental Service Professionals, Inc.	Common Stock
14) Golden Gate Oil LLC	Notes Receivable
15) Grey K Environmental Fund II, L.P.	Investment in Closed-End Fund
16) Khorrami Pollard & Abir, LLP	Loan Receivable
17) Millennium Healthcare, Inc.	Common Stock
18) MMP Resources Limited (f/k/a Sino Construction)	Common Stock
19) Montsant Partners LLC	Loan Receivable
20) Nisayon International Inc.	Loan Receivable
21) NJ Ethanol LLC	1) Class B Preferred Stock 2) Common Stock
22) Nordaq Energy Inc	1) Common Stock 2) Warrants
23) Over Everything LLC	1) Loan Receivable 2) Common Stock
24) Total Asset Recovery Services, LLC (TARS)	Litigation Finance Investment
25) Urogen Pharmaceuticals, Inc.	1) Note Receivable 2) Preferred Stock
26) Xcell Energy Inc.	Loan Receivable
27) Yellow River	Common Stock

Receivership Property List

PPLO Assets

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

Receivership Property List

Jointly Held PPCO / PPLO Assets

Company Name	Asset Description
1) Copper Rider / Parot Tovot	1) Loan Receivable - Parot Tovot 2) Loan Receivable - Copper Rider
2) Platinum Partners Value Arbitrage Fund	Loan Receivable