

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 THIRTEENTH 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 Thirteenth Status Report, covering the period from July 1, 2020 through and including September 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) finalizing and effectuating the terms of 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”) and attending to other remaining matters related to the Beechwood Action, including preparation of a notice of appeal and other papers relating to an appeal from the dismissal of certain claims in the Beechwood Action that were not settled; (ii) analyzing claims against the estate and those the estate may have against others, while preparing an application for the approval of procedures to reconcile and verify claims and interests; (iii) analyzing issues relevant to the formulation of a plan of distribution and beginning to prepare such plan of distribution; (iv) drafting an agreement to resolve inter-estate claims between the Receivership Entities and the joint liquidators for Platinum Partners Value Arbitrage Fund L.P. (together with its feeder funds, “PPVA” or “PPVA Funds”); and (v) finalizing the review of the remaining assets in the portfolio and beginning the marketing of the few remaining assets that may be sold in a remnant sale or by other means.

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,

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 Receiver previously advised that she would not and will not be disclosing 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/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.

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 reviewed the remaining assets in the Receivership portfolio. As described more fully below, during the Reporting Period the Receiver and the Receivership Team (i) finalized the monetization of the Receivership Entities' debt and equity interests in in Cleveland Mining Ltd. and Cleveland Mining Holdings, Australian entities owning gold mining and pig iron exploration ventures in Brazil, (ii) analyzed, researched and prepared court papers to enforce Platinum's rights with respect to equity it holds in a company called Decision Diagnostics, which has taken various actions to prevent the Receiver from liquidating such equity, and (iii) commenced the remnant sale process to liquidate in bulk nine (9) remaining assets that standing alone had a limited or non-existent market.

During the current Reporting Period, the Platinum Receivership received approximately \$6.6 million. This amount is in addition to the approximately \$79.7 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.

C. Investigation of Pre-Receivership Activities and Litigation

During the Reporting Period, the Receivership Team focused on 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 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.

On July 1, 2020, the Receiver 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”). No objections to the Beechwood Settlement Motion were received and an Order approving the Beechwood Settlement Motion was entered by the Court on 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 (including interest) 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 received, 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 non-settling 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 also exchanged 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 also permitted the release of more than \$6.5 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 (the "ALS Escrow") enabling the Receiver to use and/or distribute those funds as described in the Beechwood Settlement Motion.

During the Reporting Period, the Receiver and the Receivership Team took all steps necessary to effectuate the terms of the settlement agreements.

In addition, although the Receiver settled substantially all claims in the Beechwood Action, the appeal of Judge Rakoff's decision granting summary judgment in favor of defendant PBIHL continues. During the Reporting Period, the Receiver initiated the appeal of Judge Rakoff's summary judgment decision. That appeal is required to be perfected by December 22, 2020. In addition, during the Reporting Period, the Receivership Team responded to various pre-trial requests by parties in actions consolidated for pre-trial purposes with the Beechwood Action for certain documents and/or testimony from the Receivership Estate to be used in those consolidated actions, and continued to monitor the docket of the consolidated actions for matters relevant to the Receivership Estate.

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 review of certain potential claims is coming to a conclusion, including whether any claims should be asserted in the personal bankruptcy case of Nordlicht. In the interim, the Receiver has entered into at least one release agreement with a third party professional during the Reporting Period and is continuing to explore whether other releases are appropriate with respect to entities that the Receiver has analyzed and determined not to assert affirmative 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.

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. 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 that PGS would pursue certain claims and causes of action relating to its ownership of a certain promissory note convertible into 95% of the common equity of Agera's subsidiary, energy reseller Agera Energy.⁴ In connection with such agreement, a complaint was filed in the Court of Chancery of the State of Delaware on June 7, 2019 against numerous defendants, including AGH Parent LLC, SHIP and CNO (the "Agera Action").

PPVA and PPCO have each analyzed and discussed potential 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 any 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

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.

such purported claims and any remaining mutual interests, such as the Agera Action. During the Reporting Period, the Receivership Team spent time drafting a proposed settlement agreement to resolve all issues between the PPVA and Receivership estates, including claims with respect to PGS, the settlement of which the Receiver believes is in the best interest of the Receivership Estate as it will avoid additional litigation and enable the Receiver to put forth a plan of distribution and expediently make distributions on allowed claims.

2. **Nordlicht Bankruptcy Case.** Nordlicht filed a Chapter 7 bankruptcy petition on June 29, 2020 in the United States Bankruptcy Court for the Southern District of New York. Case No. 20-22782-rdd. The Receiver has been monitoring the bankruptcy case and has been in communication with counsel for the Chapter 7 Trustee and counsel for Nordlicht. The Receiver obtained an extension of the deadline to object to discharge and an extension of the deadline to file a proof of claim. The Receiver will continue to engage in discussions about a resolution of claims asserted by Nordlicht in the Receivership Estate and potential claims against the Nordlicht bankruptcy estate.

3. **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.

4. **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.

5. **Taxes.** During the Reporting Period, PPCO's and PPLO's 2019 tax returns were completed and K-1 statements were mailed to investors. As previously reported, the K-1 statements showed 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.

6. **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.

7. **Receivership Estate Oversight.** Professional 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, via conference call or videoconference, 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, the plan of distribution 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 September 30, 2020, the Receivership Entities had approximately \$24.8 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 have been substantially resolved pursuant to settlements in the Beechwood Action.

Cash disbursements during the Reporting Period totaled approximately \$18.2 million. This amount consisted primarily of (i) \$14,00,000 to settle the Beechwood Action and obtain a release of liens, (ii) \$3,874,754 paid to the minority shareholders of ALS, (iii) \$75,271 in professional expenses, and (iv) \$293,146 in business asset expenses (payroll and related expenses paid to Platinum employees, as well as office rent).

It is estimated that, as of September 30, 2020, accrued and unpaid administrative expenses amount to approximately \$5.3 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 \$6.6 million. This amount primarily consists of the release of funds from the ALS Escrow pursuant to the Beechwood settlements.

IV. RECEIVERSHIP PROPERTY

As of September 30, 2020, the primary assets of the Receivership Estate (“Receivership Property”) consisted of the following:

- (i) Cash and cash equivalents of approximately \$24.8 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

The review of the non-litigation assets in the Receivership’s asset portfolio is substantially complete. The assets that the Receiver believes could be liquidated have been and a bucket of remnant assets for which there may be some limited value are currently being marketed. There is currently one asset, the Decision Diagnostics investment, for which the Receiver believes there is material value and during the Reporting Period explored and began to pursue options for realizing such value. There are a few shared assets with PPVA that may potentially realize value and the Receiver continues to monitor such assets and communicate with the PPVA joint liquidators.

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 were owed approximately \$15.6 million, which was secured by a first priority security interest in all of Cleveland Mining’s and Iron Holdings’ assets. PPCO also held approximately 29.3 million shares of Cleveland Mining and approximately 50% of the equity of Iron Holdings. Cleveland

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.

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. 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 found a purchaser for the shell company and pursuant to an amended liquidation plan, PPCO received a share of the purchase price in consideration for releasing its security. The amended plan was approved by the creditors and the transaction closed during the Reporting Period. PPCO received a net amount of \$100,375.97, a portion of which was received during the Reporting Period and the remainder immediately following the end of the Reporting Period. PPCO also received a modest distribution of new equity, the amount and value of which is not yet known.

2. **Cokal Limited** (ASX: "CKA") – refers to a coal mining company headquartered in Sydney, NSW. CKA's active mining project, the Bumi Barito Mineral ("BBM"), is on the island of Borneo in 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 last quarter, the Receiver sold PPCO's royalty interest. During the Reporting Period, the Receivership Team attended to certain post-closing items.

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." Despite that description,

Decision Diagnostics announced in March that it had developed a COVID-19 test, causing its publicly-traded stock to jump in price and the Securities and Exchange Commission to institute a suspension in trading.

Alpha Credit Resources LLC (“Alpha Credit”), a wholly-owned subsidiary of PPCO, holds certain common and preferred shares, convertible into common shares, in Decision Diagnostics. According to certain of Decision Diagnostics’ financial statements, Decision Diagnostics purported to cancel certain of Alpha Credit’s shares in Decision Diagnostics. Decision Diagnostics has also taken active steps to prevent the Receiver from liquidating Alpha Credit’s shares, by, among other things, refusing 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, constitute a contempt of the Receiver Order and violate applicable law.

During the Reporting Period, the Receiver reiterated her demand on Decision Diagnostics to restore, recognize and convert, as applicable, Alpha Credit’s shares. Decision Diagnostics continued to refuse the demand and the Receiver directed the Receivership Team to take appropriate steps to enforce the Receivership’s rights. Consequently, during the Reporting Period, the Receivership Team analyzed the documents by which Alpha Credit received the shares in Decision Diagnostics, performed legal research regarding Decision Diagnostic’s purported cancellation of certain Alpha Credit’s shares and other actions designed to prevent the Receiver from monetizing the Receivership’s shares, and began to prepare court papers to

enforce the Receiver's rights. The Receiver expects to pursue her rights and remedies with respect to Decision Diagnostics during the current quarter.

4. **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 owned common and Class B preferred stock. These shares had limited marketability outside of a sale back to the company. Prior discussion to sell the shares never materialized into a firm offer and the Receiver continued to hold the shares with the intent to include them in the remnant sale if no offers were received. During the Reporting Period, however, the Receiver sold Platinum's interests in NJ Ethanol on an "as is" basis to the company's principal for \$10,000.

5. **Remnant Sale**. In August, after having reviewed the remaining assets in the portfolio, the Receiver sent out marketing materials for the sale of nine (9) remaining assets for which no market developed during the course of the Receivership. The assets include: (i) warrants in Bang Holdings Corporation; (ii) stock in Echo Therapeutics, Inc.; (iii) limited partner interests in Grey K Environmental Fund II LP; (iv) stock in MMP Resources Limited; (v) participation interest in a loan to Nico Steel Holdings Limited that is collateralized by stock in the company; (vi) stock in Nordaq Energy; (vii) an assignment of proceeds of a loan in the Pro Players loan portfolio; (viii) stock in Star Phoenix Group Ltd.; and (ix) rights to a litigation funding loan made to Total Asset Recovery Services, LLC that is dependent upon the outcome of the litigation.

The marketing materials were provided to nine (9) companies that are known to purchase "remnant" assets and a data room was established. The Receiver will entertain offers for specific assets or for a bulk sale of multiple assets. The Receiver is facilitating the review of the assets

by interested parties and established a data room for such parties to evaluate the assets to make a bid, which process is ongoing and expected to conclude in the next few weeks. Further details regarding the outcome of the sale will be in the next status report.

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 Receiver and the Receivership Team have analyzed 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 has concluded that no such additional litigation is warranted. Where mutual releases are warranted, the Receiver has sought and will seek such releases. The Receiver, however, continues to evaluate the claims of insiders of the Platinum Entities and has begun preliminary conversations with certain of the insiders regarding their claims.

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 September 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 has been testing 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 in principal (not including 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 September 30, 2020, accrued and unpaid administrative expenses amounted to approximately \$5.3 million. These administrative expenses primarily consist of accrued and unpaid professional fees. In addition to these unpaid

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

administrative expenses, the Receivership Estate has budgeted approximately \$8,000 per month to pay the remaining in-house Platinum staff and to cover other operating expenses, such as office rent. At the end of the Reporting Period, Platinum's general counsel left Platinum and, thus, administrative expenses have been reduced.

C. Disbursements to Preserve the Value of Certain Investments. No significant expenses were incurred by the Receivership to maintain any of the remaining portfolio investments. No significant expenses, other than overhead expenses and the professional fees of the Receivership Team, are expected going forward.

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 \$337.1 million, including claims for unpaid redemptions by unaffiliated investors totaling at least \$34.5 million, and that affiliated investor claims currently total at least \$19.7 million after taking into account amounts settled in the Beechwood Action. 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.

VII. CLAIMS ANALYSIS AND PLAN OF DISTRIBUTION

During the Reporting Period, the Receivership Team has focused its efforts on analyzing claims and analyzing issues that are relevant to the formulation of a plan of distribution. 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.

During the Reporting Period, Platinum's CFO and the Receivership Team began an extensive review of each of the claims that have been filed and/or reflected on Platinum's books. The Receiver will likely be objecting to certain of the filed and/or deemed filed claims in whole or in part. To facilitate the objection process, the Receiver will be filing a motion in the coming weeks seeking the approval of the Court to implement procedures for the reconciliation of claims and the verification of the investment and withdrawal amounts with respect to the interests held by investors (the "Claims Procedures Motion").

By the Claims Procedures Motion, the Receiver will only be seeking the Court's approval of the Receiver's proposed procedures for finalizing the reconciliation and verification of claims and interests. The Claims Procedures Motion will not be seeking approval of the validity, amount, classification, or distribution methodology on account of any claims against, or interests in, the Receivership Entities, but may need to do so in the future.

The Receiver will be filing a separate motion with the Court in the upcoming months to approve a plan for making distributions to Claimants and Investors, including, but not limited to, the classification of claims and interests, and the distribution methodology she seeks to employ. The Receiver, in her judgment, determined it appropriate to continue the claim and interest reconciliation and verification process in advance of the consideration of the Receiver's proposed plan of distribution.

Upon the Court's approval of a plan of distribution, and the verification of claims and interests, the Receiver will be in a position to begin making distributions. The approval of the Claim Procedures Motion is in the opinion of the Receiver a critical and necessary step to

provide the Receiver with a fair and reasonable process to finalize her decisions regarding claims and interests, to propose a plan of distribution, and to expeditiously begin making distributions on account of approved claims and interests following the approval of a plan of distribution.

The Receiver cannot at this time state what distributions will ultimately be to creditors and investors. The Receiver and the Receivership Team have been working diligently to analyze the claims that have been asserted and make decisions regarding the structure of a plan of distribution, classification of claims and interests, and distribution methodology. Also, in addition to determining how to treat different claims (*e.g.*, unsecured creditor claims, unpaid redemption claims, insider investor claims, non-insider investor claims), the Receiver has been considering whether the various Platinum Entities will be fully or partially consolidated for claim and distribution purposes or if each will be treated separately. The formulation of the plan is ongoing.

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 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. The Receiver believes the Court's finding is particularly applicable at this time as the Receiver is in the midst of her claim review and formulation of a plan of distribution.

IX. CONCLUSION

Other than a potential recovery with respect to Decision Diagnostics and a small potential recovery with respect to the remnant sale assets, the Receiver does not anticipate any further significant recoveries on account of the portfolio assets. The Receivership is now in its end stages with the focus on the analysis and reconciliation of claims and the preparation of a plan of distribution of assets to creditors and investors to present to the court for approval.

Dated: October 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**Schedule of Receipts and Disbursements**

	Period from 7/1/2020 to 9/30/2020			Cumulative Total from 7/7/2017 to 9/30/2020		
	PPCO	PPLO	Total	PPCO	PPLO	Total
Cash (Beginning of Period)	\$ 33,060,303	\$ 3,370,164	\$ 36,430,467	\$ 7,788,872	\$ 1,617,492	\$ 9,406,363
Receipts						
Business Income	-	-	-	-	-	-
Cash and Securities	-	-	-	-	-	-
Interest/Dividend Income	6,855	-	6,855	90,474	52,466	142,940
Asset Sales and Third-Party Litigations Proceeds	6,616,986	-	6,616,986	84,300,066	1,710,911	86,010,977
Other Receipts	-	-	-	801,896	3,294	805,190
Total Receipts	\$ 6,623,841	\$ -	\$ 6,623,841	\$ 85,192,436	\$ 1,766,671	\$ 86,959,107
Disbursements						
Disbursements to Investors/Claimants	(17,874,754)	-	(17,874,754)	(17,874,754)	-	(17,874,754)
Disbursements for Receivership Operations	-	-	-	-	-	-
Disbursements to Receiver or Other Professionals	(75,271)	-	(75,271)	(25,313,679)	(2,575)	(25,316,254)
Business Asset Expenses	(293,146)	-	(293,146)	(6,378,163)	(396)	(6,378,559)
Personal Asset Expenses	-	-	-	-	-	-
Investment Expenses	-	-	-	(19,692,757)	-	(19,692,757)
Third-Party Litigation Expenses	-	-	-	-	-	-
Tax Administrator Fees and Bonds	-	-	-	(114,314)	(11,028)	(125,342)
Federal and State Tax Payments	-	-	-	-	-	-
Disbursements for Distribution Expenses Paid by the Fund	-	-	-	(2,166,667)	-	(2,166,667)
Disbursements to Court/Other	-	-	-	-	-	-
Total Disbursements	\$ (18,243,171)	\$ -	\$ (18,243,171)	\$ (71,540,335)	\$ (13,999)	\$ (71,554,334)
Cash (End of Period)	\$ 21,440,973	\$ 3,370,164	\$ 24,811,136	\$ 21,440,973	\$ 3,370,164	\$ 24,811,136

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) Credit Card Receivables Portfolio	Loan Receivable
11) Decision Diagnostics Corp.	Preferred Stock
12) Environmental Service Professionals, Inc.	Common Stock
13) Golden Gate Oil LLC	Notes Receivable
14) Grey K Environmental Fund II, L.P.	Investment in Closed-End Fund
15) Khorrami Pollard & Abir, LLP	Loan Receivable
16) Millennium Healthcare, Inc.	Common Stock
17) MMP Resources Limited (f/k/a Sino Construction)	Common Stock
18) Montsant Partners LLC	Loan Receivable
19) Nisayon International Inc.	Loan Receivable
20) Nordaq Energy Inc	1) Common Stock 2) Warrants
21) Over Everything LLC	1) Loan Receivable 2) Common Stock
22) Total Asset Recovery Services, LLC (TARS)	Litigation Finance Investment
23) Urogen Pharmaceuticals, Inc.	1) Note Receivable 2) Preferred Stock
24) Xcell Energy Inc.	Loan Receivable
25) 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