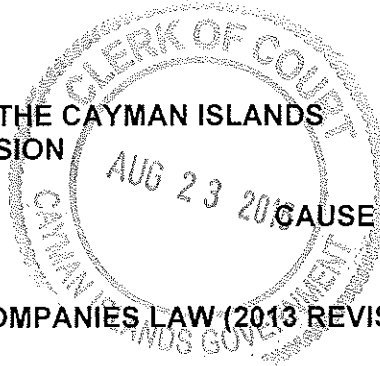


IN THE GRAND COURT OF THE CAYMAN ISLANDS
FINANCIAL SERVICES DIVISION



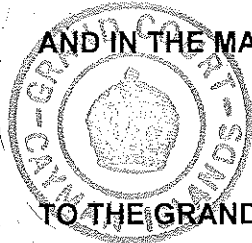
CAUSE NO: FSD

0131 OF 2016

IN THE MATTER OF THE COMPANIES LAW (2013 REVISION)

AND IN THE MATTER OF THE EXEMPTED LIMITED PARTNERSHIP LAW, 2014

AND IN THE MATTER OF PLATINUM PARTNERS VALUE ARBITRAGE FUND L.P.



WINDING UP PETITION

TO THE GRAND COURT

1. The humble petition of Platinum Partners Value Arbitrage Fund L.P. (the "**Master Fund**"), an exempted limited partnership registered under the Exempted Limited Partnership Law, 2014 and having its registered office at Intertrust Corporate Services (Cayman) Limited, 190 Elgin Avenue, George Town, Grand Cayman, KY1-9005, acting by Platinum Management (NY) LLC (the "**General Partner**") in its capacity as the general partner of the Master Fund shows that:

Preamble

2. The Master Fund, acting by its General Partner, seeks a winding up order in respect of the Master Fund pursuant to section 92(d) of the Companies Law (2013 Revision) (the "**Companies Law**") (as that section is applied in respect of exempted limited partnerships by, and subject to the provisions of, section 36 of the Exempted Limited Partnership Law, 2014 (the "**ELP Law**")) on the ground that the Master Fund is unable to pay its debts and is therefore insolvent.

The Master Fund

3. The Master Fund is presently constituted pursuant to a second amended and restated limited partnership agreement dated 1 July 2008 (the "**LPA**") made between the General Partner and each of the Onshore Feeder Fund and Platinum Partners Value Arbitrage Fund (International) Limited (the "**Offshore Feeder Fund**") in their capacities as the limited partners of the Master Fund. On or around 22 June 2010, the Offshore Feeder Fund ceased to be a limited partner of the Master Fund and Platinum Partners Value Arbitrage Intermediate

Fund Limited (the "**Intermediate Offshore Feeder Fund**") took its place as limited partner of the Master Fund.

4. The Master Fund is registered with the Cayman Islands Registrar of Exempted Limited Partnerships with registration number 13869. The Master Fund is a mutual fund registered with the Cayman Islands Monetary Authority ("**CIMA**") pursuant to the Mutual Funds Law (as amended), with reference number 587506.
5. The Offshore Feeder Fund, the Intermediate Offshore Feeder Fund, the Master Fund, together with the Onshore Feeder Fund, form a typical master/feeder investment fund structure within the Platinum group of funds (the "**Platinum Group**") whereby:
 - (a) offshore and US tax-exempt investors invest their capital into the Offshore Feeder Fund, which in turn invests into the Intermediate Offshore Feeder Fund, which in turn invests into the Master Fund;
 - (b) onshore investors invest into the Onshore Feeder Fund, which in turn invests into the Master Fund;
 - (c) the investment activities of the Offshore Feeder Fund, the Onshore Feeder Fund and the Master Fund are managed by the General Partner in its separate capacity as an investment manager (the "**Investment Manager**") appointed pursuant to the terms of an amended and restated investment management agreement dated 27 April 2007; and
 - (d) the Master Fund is a multi-strategy hedge fund that seeks to achieve significant returns while attempting to minimize downside risk; and
 - (e) the Master Fund carries on its business, via the General Partner, primarily from New York City, New York, United States.

Events leading up to the presentation of the petition

6. The Master Fund's financial position has recently deteriorated due to a combination of the following factors:

- (a) the shift in the concentration of the Master Fund's assets to illiquid private equity style investments which has caused an imbalance between liquid and illiquid assets;
 - (b) a global decline in oil prices which has negatively affected the Master Fund's assets which operate in the oil and gas sector;
 - (c) a delay in the availability of audited financial statements due to the esoteric nature of many of the investment assets of the Master Fund;
 - (d) delayed monetisation events in relation to the Master Fund's investment assets which has delayed a rebalancing of the Master Fund's liquidity position;
 - (e) a large amount of investor redemptions remaining unpaid past their due date, as noted below; and
 - (f) the necessary borrowing of funds by the Master Fund to fund certain of its investment assets.
7. Additionally, in recognition of its financial circumstances, on 30 June 2016 the Master Fund suspended withdrawals in accordance with its limited partnership agreement.
8. The financial circumstances of the Master Fund have also been further negatively impacted by a number of regulatory issues and investigations ongoing in the United States. These events, particularly as reported in the press, have at the present juncture made it nearly impossible for the Master Fund to leverage its positions and monetise them to the benefit of the Master Fund and its ultimate investors.
9. Most recently on 28 July 2016, Parris Investments Ltd ("**Parris**"), presented and served a petition to this Honourable Court for the winding up of the Offshore Feeder Fund on the basis that Parris is an unpaid redemption creditor of the Offshore Feeder Fund in the amount claimed of US\$1,080,480.43 and that the Offshore Feeder Fund has, as at the petition date, failed to satisfy such liability to

Parris. That petition is due to heard by this Honourable Court on Tuesday 23 August 2016.

The Master Fund's liabilities – bank and promissory notes

10. The Master Fund's principal financial liabilities to bank and promissory note creditors comprise:

- (a) Heartland Bank: the Master Fund owes liabilities to Heartland Bank (an Arkansas, United States, state bank) ("**Heartland**") in the original principal amount of US\$7,000,000 plus interest pursuant to a credit agreement dated 31 August 2015 made between Heartland (as lender) and the Master Fund (as borrower) and a promissory note dated 31 August 2015 issued by the Master Fund to. The outstanding liability of the Master Fund to Heartland was US\$7,069,684.03 as at 30 May 2016;
- (b) Kismetia: the Master Fund owes liabilities to Kismetia Ltd ("**Kismetia**") in the original principal amount of US\$9,327,262.62 plus interest accruing at a rate of 1% per month (increasing to 3% per month following the occurrence of an event of default) pursuant to a promissory note and security agreement dated 31 December 2015 and as amended by a first amendment to promissory note and security agreement dated 14 June 2016, in each case made between the Master Fund and Kismetia. The outstanding liability of the Master Fund to Kismetia was US\$9,803.046.75 as at 30 May 2016;
- (c) PPNE 16% lenders and PPNE 12% lenders: the Master Fund owes liabilities to a disparate group of lenders pursuant to:
 - (i) a promissory note dated 11 May 2015 made between the Master Fund (as borrower) and such lenders in the aggregate principal amount of US\$28,660,751.63 and incurring interest at a rate of 16% per annum. The outstanding liability of the Master Fund to such lenders was US\$30,632,499.76 as at 30 May 2016; and
 - (ii) a promissory note dated 12 August 2015 made between the Master Fund (as borrower) and such lenders in the aggregate

principal amount of US\$15,523,619.22 and incurring interest at a rate of 12% per annum. The outstanding liability of the aster Fund to such lenders was US\$15,625,749.49 as at 30 May 2016;

- (d) Twosons:
 - (i) the Master Fund owes liabilities to Twosons in the principal amount of US\$14,000,000 plus interest at a rate of 1.333% per month pursuant to a promissory note dated 18 September 2014 made between the Master Fund (as borrower) and Twosons. The outstanding liability of the Master Fund to Twosons was US\$6,082,666.67 as at 30 May 2016;
- (e) Platinum Partners Credit Opportunities Master Fund LLC: the Master Fund owes liabilities to PPCO in the original principal amount of US\$25,000,000 plus interest at a rate of 1.333% per month pursuant to a revolving promissory note dated 1 January 2015 issued by the Master Fund to PPCO. The outstanding liability of the Master Fund to PPCO was US\$1,393,239.11 as at 30 May 2016;
- (f) Platinum Partners Liquid Opportunities Fund: the Master Fund owes liabilities to PPLO in the original principal amount of US\$10,000 plus interest at a rate of 1% per month pursuant to an unsigned revolving line of credit promissory note stated to be dated 1 October 2015. The outstanding liability of the Master Fund to PPLO was US\$1,930,498.95 as at 30 May 2016;
- (g) White Rock Properties: the Master Fund owes liabilities to White Rock Properties LLC ("**White Rock Properties**") in the original principal amount of US\$8,500,000 pursuant to a promissory note dated 16 May 2016 made between the Master Fund (as borrower) and White Rock Properties (as lender). The outstanding liability of the Master Fund to White Rock Properties was US\$8,908,088 as at 30 May 2016; and
- (h) Richard Stadtmauer, Marisa Stadtmauer and the National Society for Hebrew Day Schools: the Master Fund owes liabilities owed to:

- (i) Richard Stadtmauer in the original principal amount of US\$6,390,043.79 plus interest at a rate of 7% per annum pursuant to a promissory note dated 27 May 2016 made between the Master Fund (as borrower), the Onshore Feeder Fund (as co-borrower) and Richard Stadtmauer (as lender). The outstanding liability of the Master Fund to Richard Stadtmauer was US\$6,464,594.30 as at 30 May 2016;
 - (ii) Marisa Stadtmauer in the original principal amount of US\$4,115,052.52 plus interest at a rate of 7% per annum pursuant to a promissory note dated 27 May 2016 made between the Master Fund (as borrower), the Onshore Feeder Fund (as co-borrower) and Marisa Stadtmauer (as lender). The outstanding liability of the Master Fund to Marisa Stadtmauer was US\$4,163,061.47 as at 30 May 2016;
 - (iii) the National Society for Hebrew Day Schools (the "NSHDS") in the original principal amount of US\$2,278,829.93 plus interest at a rate of 7% per annum pursuant to a promissory note dated 27 May 2016 made between the Master Fund (as borrower), the Offshore Feeder Fund (as co-borrower) and the NSHDS. The current outstanding liability of the Master Fund to the NSHDS is US\$2,305,416.28 as at 30 May 2016;
- (i) Credit Suisse: a Uniform Commercial Code filing was made in the United States in respect of the Master by Credit Suisse on 8 July 2016 which likely relates to the Master Fund's entry into a prime brokerage relationship with Credit Suisse.

The Master Fund's liabilities – New Mountain

11. The Master Fund has a potential liability to New Mountain in an amount claimed of US\$33,246,158.50 (as at 18 May 2016 and subject to daily accruing interest claimed for the period thereafter) (the "**New Mountain Claim**"). The New Mountain Claim arises from a securities purchase and put agreement dated 7 November 2014 (the "**New Mountain Put Agreement**") which was originally

made between the Master Fund and New Mountain Finance Holdings LLC ("NMFH") and which NMFH subsequently assigned to New Mountain.

12. In summary terms (as alleged by New Mountain and in relation to which the Master Fund's position is reserved):
 - (a) pursuant to the terms of the New Mountain Put Agreement, NMFH purchased from the Master Fund US\$30,000,000 of 12% second priority senior secured notes issued by Northstar GOM Holdings Group LLC (one of the Master Fund's investments) (the "**Northstar Notes**"). The Master Fund was required to make payments to NMFH under the terms of the New Mountain Put Agreement and NMFH had an option to require the Master Fund to repurchase the Northstar Notes at a price equal to the principal amount. Pursuant to amendments to the New Mountain Put Agreement, the Master Fund agreed to pay four equal instalments of US\$7,500,000 to New Mountain subject to the terms set out therein. Failure to pay such amounts would constitute an acceleration event under the New Mountain Put Agreement requiring the Master Fund to repurchase the balance of the Northstar Notes at a repurchase price calculated in accordance with the terms of that agreement;
 - (b) New Mountain alleges that the Master Fund is in breach of its payment obligations to New Mountain under the New Mountain Put Agreement and a dispute between New Mountain and the Master Fund is being litigated before the Supreme Court of the State of New York, New York County (the "**New York Supreme Court**") (the "**New York Proceedings**");
 - (c) on 18 May 2016, New Mountain served a statutory demand on the Master Fund and threatened to present a winding up petition against the Master Fund if the amount claimed was not paid within 21 days;
 - (d) within the context of the New York Proceedings, New Mountain has sought summary judgment against the Master Fund. A verdict in respect of such summary judgment application may now be returned at any time; and

- (e) on 15 June 2016, the Master Fund succeeded in obtaining a temporary restraining order and injunction from the New York Supreme Court which restrains New Mountain from presenting a petition to this Honourable Court for the winding up of the Master Fund. Such temporary restraining order and injunction remains in effect and New Mountain has not served a winding up petition on the Master Fund.

The Master Fund's liabilities – redemption creditors

- 13. Prior to the Offshore Feeder Fund's and the Onshore Feeder Fund's suspension of the redemption of their shares or limited partner interests (as applicable) on 30 June 2016 a number of their investors had requested to redeem their shares or limited partner interests, either in full or in part.
- 14. As at the date of this Petition:
 - (a) the Offshore Feeder Fund owes approximately US\$32,964,557 of unpaid redemptions and approximately US\$6,935,186 in respect of audit holdback to its redemption creditors; and
 - (b) the Onshore Feeder Fund owes approximately US\$35,429,553 of unpaid redemptions and approximately US\$2,974,843 in respect of audit holdback to its redemption creditors,

(such amounts together, the "**Redemption Creditor Claims**");
- 15. The Offshore Feeder Fund (albeit via the Intermediate Offshore Feeder Fund which is interposed as a pass-through entity between the Master Fund and the Offshore Feeder Fund) and the Onshore Feeder Fund have corresponding back to back redemption creditor claims and/or withdrawal requests (as applicable) against the Master Fund in an aggregate amount equal to the Redemption Creditor Claims.

The Master Fund's liabilities – other creditor liabilities

- 16. The Master Fund owes additional liabilities to the Offshore Feeder Fund (via the Intermediate Offshore Feeder Fund) and the Onshore Feeder Fund in respect of

audit holdback amounts in the sums of US\$6,935,186.41 and US\$2,974,843.15, respectively, and liabilities of US\$4,716,731.82 to the Intermediate Offshore Feeder Fund in respect of amounts payable by the Intermediate Offshore Feeder Fund to the Investment Manager.

17. The Master Fund is also subject to a number of other liabilities including but not limited to:
- (a) accrued expenses and other liabilities in the amount of US\$6,449,468 in respect of, amongst other things, fees due to professional services providers and legal expenses incurred by legal counsel;
 - (b) US\$4,291,275 payable to the General Partner;
 - (c) accrued but unpaid fees due to traders of US\$13,073,209;
 - (d) amounts due to the holders of minority interests in the Master Fund's subsidiary companies of US\$1,813,251;
 - (e) liabilities of approximately US\$106,824,701 representing the amount the Master Fund expects to cover in respect of short sale contracts entered into by the Master Fund; and
 - (f) unrealised depreciation on derivative contracts of approximately US\$15,742,077.

Insolvency

18. The most recently available un-audited financial statements of the Master Fund comprise a balance sheet prepared as at 30 May 2016 which showed that the Master Fund has access to only US\$68,530 of cash assets as at that date. In addition, as at 16 August 2016, Master Fund's cash assets had increased, but only to US\$881,976 which amount is insufficient to enable the Master Fund to discharge its liability in respect of the Redemption Creditor Claims.
19. Accordingly:

- (a) the financial position of the Master Fund has deteriorated such that it does not have access to a sufficient amount of liquid assets in order to meet its present liabilities, including its present liabilities in respect of Redemption Creditor Claims;
- (b) it is unlikely that the Master Fund will be able to meet its liabilities to:
 - (i) Kismetia; or
 - (ii) White Rock Properties,each which are stated to fall due on 31 August 2016; and
- (c) there exists a risk that summary judgment may be returned against the Master Fund in the New York Proceedings which may immediately and substantially increase the Master Fund's liabilities.

Conclusion

- 20. The Master Fund is unable to pay its debts and is therefore liable to be wound up.
- 21. The Limited Partners of the Master Fund have consented to the General Partner presenting this petition for the winding up of the Master Fund in its capacity as the general partner of the Master Fund.

YOUR PETITIONER THEREFORE HUMBLY PRAYS:

- 1. That the Master Fund be wound up in accordance with section 92(d) of the Companies Law as applied by and subject to section 36 of the ELP Law.
- 2. That Matthew James Wright and Christopher Barnett Kennedy both of RHSW (Cayman) Limited, Windward 1, Regatta Office Park, P.O. Box 897, West Bay Road, Grand Cayman, KY1-1103, Cayman Islands be appointed as Joint Official Liquidators of the Master Fund (the "JOLs").
- 3. That the JOLs shall not be required to give security for their appointment.

4. That the JOLs shall have the power to act jointly and severally in their capacity as liquidators of the Master Fund.
5. The JOLs are hereby authorised jointly and severally to exercise any of the following powers without further sanction of the Court:
 - (a) the power to bring or defend or continue any action or other legal proceeding in the name and on behalf of the Master Fund;
 - (b) the power to carry on the business of the Master Fund so far as may be necessary for the presentation of a compromise or arrangement to its creditors and/or for its beneficial winding up;
 - (c) the power to enter into discussions and negotiations for and on behalf of the Master Fund, for the purpose of, including but not limited to:
 - (i) restructuring the Master Fund's business and operations;
 - (ii) restructuring or rescheduling the Master Fund's indebtedness; and/or
 - (iii) making any compromise or arrangement with creditors or persons claiming to be creditors or having or alleging themselves to have any claim (present or future, certain or contingent, ascertained or sounding only in damages) against the Master Fund or for which the Master Fund may be rendered liable;
 - (d) the power to compromise on such terms as may be agreed all debts and liabilities capable of resulting in debts, and all claims (present or future, certain or contingent, ascertained or sounding only in damages) subsisting, or supposed to subsist between the Master Fund and a limited partner or alleged limited partner or other debtor or person apprehending liability to the Master Fund;
 - (e) the power to sell any of the Master Fund's property by public auction or private contract with power to transfer the whole of it to any person or to sell the same in parcels;

- (f) the power to raise or borrow money and grant securities therefor over the property of the Master Fund;
- (g) the power to engage staff (whether or not as employees of the Master Fund) to assist the JOLs in the performance of their functions;
- (h) the power to engage attorneys and other professionally qualified persons to assist the JOLs in the performance of their functions, whether in the Cayman Islands or elsewhere;
- (i) the power to:
 - (i) take control of the ownership interests of the Master Fund in its direct subsidiaries and/or joint ventures, investment, associated companies, business or other entities ("**Subsidiaries**") of the Master Fund in which the Master Fund holds an interest, in each case wherever located, as the JOLs shall think fit;
 - (ii) call or cause to be called such meetings of such Subsidiaries and/or to sign such resolutions (in each case in accordance with the provisions of any relevant constitutional or related documentation of such companies) and take such other steps, including applications to appropriate courts and/or regulators, as the JOLs shall consider necessary to appoint or remove directors, legal representatives, officers, and/or managers to or from such Subsidiaries, and in each case take such steps as are necessary to cause the registered agents (or other equivalent corporate administrators) of such Subsidiaries to give effect to the changes to the boards of directors, legal representatives, officers, and/or managers of such Subsidiaries, including (without limitation) effecting changes to the company registers of such Subsidiaries as may be deemed appropriate by the JOLs; and/or
 - (iii) to take such other action in relation to all such Subsidiaries as the JOLs shall think fit for the purpose of protecting the assets of the Master Fund and managing the affairs of the Master Fund;

- (j) the power to communicate with and carry out any necessary filings with regulatory bodies as appropriate, including, without limitation, the Cayman Islands Registrar of Exempted Limited Partnerships, the Cayman Islands Monetary Authority and the United States Securities and Exchange Commission in the name and on behalf of the Master Fund;
 - (k) the power to enter into an amendment to the existing investment management agreement dated 27 April 2007 made between, amongst others, the Master Fund and Platinum Management (NY) LLC (the "Investment Manager") (the "IMA"). Payments made pursuant to the IMA should be regarded as an expense of the liquidation;
 - (l) the power to enter into a protocol with Guidepost Solutions LLC ("Guidepost"), to regulate the manner in which the JOLs, Guidepost and Mr. Bart Schwartz may cooperate with each other on such matters as the JOLs may determine to be in the best interests of the creditors of the Master Fund; and
 - (m) the power to do all acts and execute, in the name and on behalf of the Master Fund, all deeds, receipts and other documents in connection with the exercise of their powers notwithstanding that the JOLs are not the general partner of the Master Fund and, for that purpose, use the Master Fund's seal (if any) when necessary.
6. There shall be constituted a liquidation committee ("**Liquidation Committee**") consisting of no more than five members who are creditors of the Master Fund.
7. To the fullest extent permitted by law, the Liquidation Committee and its members shall have no duty, whether fiduciary or otherwise, to any other creditor, the Master Fund, the JOLs or any other person by reason of, or in connection with, their membership of or participation in the Liquidation Committee
8. The JOLs be authorised, if they think fit, to:
- (a) take any such action as may be necessary or desirable to commence, or to cause the Master Fund to commence, proceedings under Chapter 11

of Title 11 of the United States Bankruptcy Code, and to take such steps arising in connection therewith that the JOLs may consider appropriate;

(b) take any such action as may be necessary or desirable to obtain recognition of the appointment of the JOLs in any other relevant jurisdiction and to make applications to the courts of such jurisdictions for that purpose, including, without limitation as representatives of the Master Fund (as applicable) to seek relief under Chapter 15 of Title 11 of the United States Bankruptcy Code, and to take such steps arising in connection therewith that the JOLs may consider appropriate.

9. Pursuant to Section 97 of the Companies Law, no suit, action or other proceedings, including criminal proceedings, shall be proceeded with or commenced against the Master Fund except with the leave of the Court and subject to such terms as the Court may impose.
10. Pursuant to Section 99 of the Companies Law, no disposition of the Master Fund's property by or with the authority of the JOLs in either case in the carrying out of their duties and functions and the exercise of their powers pursuant to this Order shall be avoided and any payments made into or out of the bank accounts(s) of the Master Fund in the ordinary course of business of the Master Fund between the date of the presentation of the Petition herein and the date of the appointments of the JOLs shall not be avoided by virtue of the provisions of section 99 of the Companies Law in the event of an order for the winding up of the Master Fund being made on the Petition.
11. Subject to section 109(2) of the Companies Law and the Insolvency Practitioner's Regulations 2008 (as amended), the JOLs be authorised to render and pay invoices out of the assets of the Master Fund for their own remuneration.
12. The JOLs be at liberty to meet all disbursements reasonably incurred in connection with the performance of their duties and, for the avoidance of doubt, all such payments shall be made as and when they fall due out of the assets of the Master Fund as an expense of the liquidation.
13. The JOLs be at liberty to apply generally.

14. The costs of and incidental to the Petition be paid forthwith out of the assets of the Master Fund.

15. Such further or other relief be granted as this Honourable Court deems appropriate.

AND your Petitioner will ever pray etc.

DATED the 23rd day of August 2016.

Walkers

WALKERS

Attorneys at Law for the Company

NOTE: This Petition is intended to be served on:

- (i) all known creditors of the Company
- (ii) Platinum Partners Value Arbitrage Fund (International) Limited
- (iii) Platinum Partners Value Arbitrage Intermediate Fund Limited
- (iv) The Cayman Islands Monetary Authority

NOTICE OF HEARING

TAKE NOTICE THAT the hearing of this Petition will take place at the Law Courts,
George Town, Grand Cayman on _____ at 10.00 am.

Any correspondence or communication with the Court relating to the hearing of this
Petition should be addressed to the Registrar of the Financial Services Division of the
Grand Court at PO Box 495, Grand Cayman, KY1-1106, Telephone 345 949 4296

This **PETITION** is presented by Walkers, Attorneys at Law, 190 Elgin Avenue, George Town, Grand Cayman KY1-
9001, for the Master Fund whose address for service is care of its said Attorneys at Law.