

# *Jury Finds Platinum Partners Founder Guilty in Fraud Trial*

By Reuters

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NEW YORK — Mark Nordlicht, the founder of defunct hedge fund firm Platinum Partners, was found guilty on Tuesday of defrauding bondholders of an oil exploration company Platinum controlled, but cleared of charges he defrauded investors in Platinum's hedge funds.

The verdict was handed up by a jury in federal court in Brooklyn following a nine-week trial. Platinum's former co-chief investment officer, David Levy, was convicted of the same conspiracy and securities fraud charges.

A third defendant, former Chief Financial Officer Joseph SanFilippo, was cleared of all charges against him.

After the jury left, lawyers for Nordlicht and Levy moved to overturn the guilty verdicts. U.S. District Judge Brian Cogan ordered them to file papers in support of their motions and said he might hold a hearing to consider them.

"It's not over yet," the judge said.

Prosecutors charged Nordlicht, Levy and SanFilippo with fraud in December 2016, saying they and others at Platinum bilked investors out of "millions and millions of dollars" in two different schemes.

In one, the three men were accused of lying to investors about the health and liquidity of the flagship Platinum Partners Value Arbitrage fund. Prosecutors said Platinum operated "like a Ponzi scheme" by using new money to fund redemptions by earlier investors, a practice referred to internally as "Hail Mary time."

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The jury, however, rejected those charges, finding all three men not guilty.

In the second scheme, according to prosecutors, Nordlicht and Levy defrauded bondholders in Black Elk, an oil exploration company Platinum owned, by diverting money from asset sales to Platinum ahead of Black Elk's 2015 bankruptcy. The jury found them guilty of two counts of conspiracy and one count of securities fraud related to that scheme.

SanFilippo was not charged with taking part in the Black Elk scheme.

A lawyer for Nordlicht was not immediately available for comment.

"While disappointed with any finding of wrongdoing, we are extremely gratified that the jury resoundingly rejected the government's central theory that Platinum somehow defrauded its investors and that they acquitted David of the main counts against him," Moe Fodeman, a lawyer for Levy, said in an email.

"We look forward to David's eventual complete exoneration."

Kevin O'Brien, one of SanFilippo's lawyers, said in an email: "Joe is thrilled by the jury's verdict of acquittal, which affirms what we have consistently maintained, that this case never should have been brought."

**Platinum's assets are being liquidated under the oversight of court-appointed receivers.**

**(Reporting By Brendan Pierson in New York; Editing by Dan Grebler and Tom Brown)**