UNITED STATES BANKRUPTCY COURT

CENTRAL DISTRICT OF CALIFORNIA

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In Re:	)	Case No. 1:24-bk-10646-MB
	)	
SYNAPSE FINANCIAL TECHNOLOGIES, INC.,	)	Chapter 11
	)	
	)	Woodland Hills, California
Debtor.	)	Wednesday, October 23, 2024
	)	10:00 a.m.

DEBTOR'S EMERGENCY MOTION FOR ENTRY OF AN ORDER: (I) AUTHORIZING THE CONTINUED USE OF ITS CASH MANAGEMENT SYSTEM; (II) AUTHORIZING THE MAINTENANCE OF CERTAIN PRE-PETITION BANK ACCOUNTS; AND (III) AUTHORIZING BANKS TO RELEASE ADMINISTRATIVE HOLDS AND/OR FREEZES ON THE DEBTOR'S PRE-PETITION ACCOUNTS

CHAPTER 11 STATUS CONFERENCE

TRANSCRIPT OF PROCEEDINGS
BEFORE THE HONORABLE MARTIN R. BARASH
UNITED STATES BANKRUPTCY JUDGE

APPEARANCES:

For the Chapter 11 Trustee: JELENA MCWILLIAMS, ESQ.
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Proceedings recorded by electronic sound recording; transcript produced by transcription service.

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For Zachary Cotter:	ZACHARY COTTER, IN PRO PER
For Jordon Gonzales:	JORDAN GONZALES, IN PRO PER
For Andreatte Caligure:	ANDREATTE CALIGURE, IN PRO PER
For Fintech Triple 2:	STEVEN MASSIS, IN PRO PER
For Joshua Nelson:	JOSHUA NELSON, IN PRO PER
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WOODLAND HILLS CALIFORNIA WEDNESDAY OCTOBER 23 2024 10:00 AM

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(Call to order of the Court.)

THE COURT: All right. Good morning, or good afternoon, depending on your time zone. This is our periodic Chapter 11 status conference in Synapse Financial Technologies.

A couple of reminders. One, when you entered the Zoom, your line was muted. Please leave it muted unless you're going to speak. If you're on the phone, you can unmute using star, six, and if you're in the Zoom app, you can click on "Unmute." Otherwise, I'd appreciate it if you kept your line muted, to keep the amount of noise down.

Secondly, there's no recording of any kind permitted. That is interpreted broadly to include any sort of audio or video recording, screenshots, et cetera. None of it is permitted. The Court is maintaining an audio record of these proceedings, and that should be the only recording. That will be the Court's official record, and available if anyone wants to obtain a recording from the Clerk of the Court or order a transcript.

I think that's it. I'll go ahead and turn things over to Ms. McWilliams, the Chapter 11 Trustee, for your report. Thank you.

MS. MCWILLIAMS: Thank you, your Honor.

Since the last status conference on September 27th, my advisors and I have continued to facilitate the partner banks' reconciliation work, and have formally begun a sale process for Synapse assets. I will give a brief update on the reconciliation and distribution of end user funds since the last status conference.

Evolve has reported that it has completed its reconciliation as of October 18th, 2024, and is prepared to return funds to end users. I understand that Evolve has launched an on-line resource center today, October 23rd, with additional information for end users, and that the bank will begin distributions on November 4th, 2024.

I encourage all end users to review the information on Evolve's web page, monitor their e-mails for communications from the bank, and respond promptly, to expedite distributions.

Evolve has also submitted a status report in its own words, and I will defer to its counsel to speak in more detail about this reconciliation update.

Since the last status conference, Evolve has distributed an additional $169,575 in demand deposit accounts. No additional DDA funds have been distributed. To date, approximately $5,884,188 in DDA funds have been distributed, which is approximately 89 percent of all DDA funds held by the partner banks.

Since the last status conference, AMG has distributed an additional $212,392 in FBO funds. Lineage has distributed an additional $44,594 in FBO funds. Approximately 75 percent of FBO funds held across all four partner banks have been distributed. Although all partner banks continue to work toward full distribution of end-user funds, neither Evolve nor American Bank have paid out any FBO funds to date.

Lineage has also submitted a status report in its own words, and I will defer to its counsel to speak in more detail about the bank's reconciliation and distribution update.

My advisors and I will continue to work closely with the partner banks to facilitate additional reconciliation work, data sharing, and communication with Fintech partners and end users as needed to enable additional distributions.

I will briefly also speak about the asset sale of Synapse assets. On October 7th, I filed a sale motion and bidding procedures with the Court. On October 17th, the Court entered an order approving the bidding procedures. My advisors and I have commenced a formal sale process for Synapse assets, and are currently intaking indications of interest and initial bids. Parties interested in obtaining a copy of the bidding procedures or more information about the sale may contact my counsel at Cravath, Swaine and Moore, and my financial advisor at B. Riley.

I anticipate filing a notice with the Court later this week to extend the deadlines for submission of initial indication of interest and initial bids by approximately one week, to extend the asset marketing time line in the interest of obtaining the highest and best price for Synapse assets.

I respectfully propose, your Honor, subject to the preference of this Court, to submit my next status report in approximately three weeks, during the week of November 11th, at which time distributions by Evolve are expected to be well underway. Thank you.

THE COURT: Okay. Thank you.

All right. Who would like to be heard next?

MR. SWAMINATHAN: Your Honor, this is Aravind Swaminathan from Evolve. I'm happy to expand on Ms. McWilliams' comments, if that's helpful.

So, as Ms. McWilliams stated, your Honor, Evolve finished its reconciliation on October 18th. This morning they launched an information site that can be found at ReconciliationByEvolve.com, that provides more detailed information on the reconciliation process and on how and when distributions will begin to be made. That will be -- those funds will be distributed starting on November 4th, and will continue until those -- until that distribution is complete.

There is detailed information on what end users can expect, how they can access information on what the reconciliation determined for them personally, and what Evolve funds will be returned to them, and make payment selections as to how they will have those payments distributed to them if there is money that we've identified that Evolve held that belongs to those end users.

As indicated, some end users will have that information pushed to them directly through e-mails that we have on file, and so, as Ms. McWilliams suggested, I recommend that end users pay attention to e-mails, and make sure that they are looking for those that come from ReconciliationByEvolve.com, which will contain additional information, and e-mail will go out to those end users today as well, your Honor, with that information and a link to that web site, which provides all of the resources that we've been able to provide so far.

For obvious reasons, your Honor, I cannot talk about what any specific end user is recalculated in terms of their end user balance, nor can I speak publicly about what that end user is set to get paid, but all that information will be available to them individually. There is also a call center that has been sret up today that can answer general questions about the process for the distribution of funds.

On November 4th, that call center will also be prepared to answer individual users' questions, starting on November 4th, and so that call center number is another way for people to get information about the distribution process and what the calculations have been.

That's the information I have to provide, your Honor. Again, I think the information center has a ton of information on there. There's 37 FAQs. There's a video by Evolve's founder that provides more information, if people prefer to digest the content that way, and there's additional e-mails that will be going out to folks on the 23rd, this afternoon.

THE COURT: Okay. Thank you, Mr. Swaminathan. I have one sort of basic question, which is really just kind of a clarification that I think may help some of those who are listening.

I understand why you can't get into -- why it wouldn't be practical to get into individual cases here publicly at a status conference, but you said, you know -- again, this may sound like a very basic question, but am I correct in understanding that the bank has gone through this effort, has determined what it believes are each depositors' balance is (sic), and that the bank intends to distribute the amount that it believes is the balance? That is to say, there's no -- this is not a pro rata distribution, cents on the dollar? This is a "We intend to distribute what we believe is the correct balance"?

MR. SWAMINATHAN: That's correct, your Honor. That's absolutely correct.

THE COURT: Okay. Which is sort of a basic notion when it comes to banks. We all expect to get out of the bank what we believe we have on deposit. But, because this is a Bankruptcy Court, I think I just wanted to be sure that you didn't mean anything other than that.

MR. SWAMINATHAN: No, that's what I meant, your Honor, and let me just give a little bit more detail to that that will be helpful.

THE COURT: Sure.

MR. SWAMINATHAN: So the e-mails that will go out on November 4th will provide end users with an individual code that they can use to authenticate into the ReconciliationByEvolve.com web site. They will be asked for certain information about them to confirm their identity, so that they can securely authenticate in and gain information about their account.

Once they're into that web site, they will able to see, for them personally, what end user balance the reconciliation process calculated they had as a Synapse end user, right? So that will be their total balance. They will also be provided with information that we determine as to what of those funds Evolve held, so they will have a second number. That is the number that they will be able to elect payment on through the web site.

Additionally, if they have questions or they have a dispute, they will be able to file the dispute using the web site, right then and there, as to the amount that they are getting paid. So, if they think that it has been miscalculated or think the number is wrong, they can file the dispute right then and there using the web site, which will be processed by Evolve, and which will be considered and processed by Evolve as well.

So I think the web site, your Honor, is going to provide exactly the information that you just described, and that's just a little bit more detail on the mechanics of it.

I should add, your Honor, and I'm going to apologize in advance to you and the Court, I may sound like a little bit of a broken record this morning, and the reason for that is because of all of the information has been placed on that web site, so it's available to all of the end users.

Additionally, as your Honor is probably aware, Evolve is now the subject of two different lawsuits around this very issue, one in New York and one in the Northern

District of California. In the Northern District of California, Yotta filed suit against Evolve in connection with these issues.

In addition, a class of Yotta users has also filed suit in the Southern District of New York against both Evolve and Yotta, and it's for that reason, your Honor, there are some of the details that I'm not going to be able to provide any information on, because it's the subject of ongoing litigation. That's essentially why, your Honor, we created a very detailed information web site, so that it can provide what information we can provide is available there, and, unfortunately, I won't be able to provide a whole lot more information more, your Honor.

It's morning my time, so this morning I'm happy to answer whatever questions I have, and I will apologize to you in advance that I may sound like a broken record, but you may hear me say, your Honor, repeatedly, "Sorry. It's the subject of ongoing litigation, and there's not much more information I can provide."

THE COURT: Okay. I do have one other question that I think, hopefully, you'll be able to answer, which is to confirm that this very substantial reconciliation work, such as it is, is being shared with the trustee.

MR. SWAMINATHAN: We have had conversations, your Honor, with the trustee about the reconciliation work that has been completed, and we've provided information that we can to the trustee on what has been -- what reconciliation work has been done. I'm happy to talk with Ms. McWilliams about what other information she needs or we can share. Again, I'm going to be somewhat limited, your Honor, in what we're able to share, because it's the subject of ongoing litigation.

THE COURT: Okay. All right. Well, all right. That is what it is.

Okay. Before I go to what I'm guessing are end user comments, I'll just ask if the representative of Lineage Bank has anything that he would like to add with respect to Lineage Bank.

MR. GLENOS: Chris Glenos of Bradley Arant, your Honor, on behalf of Lineage Bank. We have filed our usual report. There's not much -- there's nothing new to report. Our efforts continue, continuing to make forward progress, and our meeting the challenges that we encounter to try to get the remaining funds out to end users as soon as possible, and that will continue.

THE COURT: Okay. All right. Thank you.

All right. Zach Cotter.

MR. COTTER: Good morning, Judge. Thank you. Zach Cotter, impacted end user. Can you hear me?

THE COURT: Yes, sir.

MR. COTTER: Perfect. So I couldn't be on video today. I am driving. However, my question will be short and sweet, and it's, I guess --

THE COURT: Okay. Will you do me a favor, though? Could you pull over? I don't feel comfortable --

MR. COTTER: Sure.

THE COURT: I don't feel comfortable having you participate while you're driving.

MR. COTTER: Sure. No, that's fine. That's why I'm not on video. But here, let me pull over. It will make everybody feel better.

THE COURT: Okay. Thanks.

MR. COTTER: Okay. Can you hear me now?

THE COURT: Yes. Go ahead. Yes. Thank you, sir.

MR. COTTER: I'll ask the "no pun intended" million-dollar question. So, now that the reconciliation is over -- and this question would be for Evolve, if they can answer. Now that the reconciliation is over, what have we found out in terms of a shortfall?

THE COURT: Mr. Swaminathan?

MR. SWAMINATHAN: Yes, your Honor. This is Aravind Swaminathan on behalf of Evolve. When we calculated the individual end user's balance, we used Synapse data to calculate that balance, and that's been completed, and will be provided in the web site, as I discussed.

In terms of what Evolve was able to determine, it has Evolve's data. That's the fed transaction and credit card data and et cetera that it used to determine what balance Evolve has for individual end users. We don't have data from all of the other partner banks, and don't have any information on whether there is or is not a shortfall.

MR. COTTER: Okay. But I thought a full reconciliation was being done via Evolve. Is that correct?

MR. SWAMINATHAN: That is correct.

MR. COTTER: Okay. Well, it just doesn't sound like a full reconciliation was done, if we don't know if there was any sort of shortfall. Was there a shortfall on Evolve's portion?

MR. SWAMINATHAN: The reconciliation work that was completed was the recalculation of all of the end user balances to correct the inaccuracies that were in the Synapse ledger. That part has been completed, and that doesn't indicate, one way or the other, any shortfalls. It just indicates a recalculation of the Synapse ledger, which we identified in that process as having material inaccuracies.

That was recalculated, and, as part of the process, individuals will be able to determine what we recalculated as their true end user balance, and that will be provided in the web site.

The calculation of what Evolve funds have is just what Evolve has, and doesn't relate to any other ecosystem banks and what they may or may not have, or may or may not have returned to the individual end users.

MR. COTTER: Thank you. That helped.

THE COURT: All right. Mr. Gonzales, Jordon Gonzales?

MR. GONZALES: Jordon Gonzales with (indiscernible) affected end user (indiscernible).

THE COURT: Mr. Gonzales, we're having trouble hearing you. It's kind of muffled and echo-y, and you're frozen. I think you're having a bandwidth issue. Maybe you'll come back.

Sean Grisan.

MR. GRISAN: Good morning, your Honor. Can you hear me?

THE COURT: Yes, I can.

MR. GRISAN: Yes. My name is Sean Grisan. I am an end user impacted by specifically Yotta.

I have two separate questions, the first being, if we're one of the unfortunate few that our record is there was zero dollars held at Evolve, will we still be notified of any communication? Is that going to occur?

MR. SWAMINATHAN: Your Honor, this is Aravind Swaminathan on behalf of Evolve.

Yes, Mr. Grisan, you will be notified. If you had, according to the ledger, a balance as of 5/17, you will be notified, and you will get access to that web site to find out what we've calculated.

MR. GRISAN: Okay. And can you confirm that communication as going out today?

MR. SWAMINATHAN: There are two communications, Mr. Grisan, one that's coming out today, which will give you, essentially, more information on the process. The communication I think you're probably most looking for will come out on November 4th.

MR. GRISAN: Okay. Thank you. My second question is regarding the reconciliation process as a whole. I believe it was my understanding that Anne Kura (phonetic) was hired to do a reconciliation not just with Evolve, but across all bank systems and Fintech's.

So I'm not sure how, if that was the case, and that was their scope, they don't come to a conclusion on what a shortfall was. I'm not saying that's necessarily held at Evolve or a fault of Evolve, but it's a like a "one plus one equals two." Is there a shortfall or is there not? So I guess I'm having trouble understanding how there's no determination of that being the case.

MR. SWAMINATHAN: Mr. Grisan, I think what I can tell you is, the reconciliation process was to recalculate end user balances per the Synapse ledger, right, to correct what was on the Synapse ledger. That is complete.

That doesn't indicate where -- which banks are holding what funds, and how much funds that they own. That would have to come -- that data would have to be -- that calculation would have to come from a combination of data sources that are held at all of the various ecosystem banks. That data we do not have, and, as a result, cannot calculate a shortfall or not.

MR. GRISAN: Okay. I just -- my last comment will just be the phrasing "true balance" is very tough to swallow when I can check my checking account and what I deposited into Yotta, and know exactly to the penny how much money I am owed, and it seems like that's not going to be returned to me, if any. So, just a general comment, but I resent the phrase "true balance," and that's all I have to say.

THE COURT: Thank you, Mr. Grisan.

Ms. Caliguire.

MS. CALIGUIRE: Hello. Audio okay?

THE COURT: Yes. Go ahead.

MS. CALIGUIRE: Andreatte Caliguire. Thanks for having me back.

Couple questions. So, just kind of comments again. I appreciate the progress, but it feels like we're doing a lot of chasing and digging again, and we're waiting for e-mails, and we're going to have to go do a lot of paperwork. I'm just, again, even leery about getting e-mail notifications because, the last time we were supposed to get e-mailed about the data breach and things like that, I never did receive the e-mail.

So the kind of first question is, if we don't get the e-mail, then what? Where do we go if we don't have an e-mail to even get the code? So let's start there, because that failed in the last two attempts that we had. So where do we go from there, if we don't get the e-mail, and when would be the last date to know that we didn't get it, so we should be concerned or reach out? That's my first question.

MR. SWAMINATHAN: Sure. Again, your Honor, I'm Aravind Swaminathan for Evolve.

All of the e-mails will go out on November 4th. If you don't receive an e-mail on November 4th, there is a 1-800 number on the web site, and an e-mail address that you can contact to get information on why you did not get an e-mail, and whether an e-mail should be coming to you. If you don't get the e-mail and you should get access to the site, the customer service representatives will authenticate your identity and be able to help you at that point.

MS. CALIGUIRE: Okay. Second question. As far as the interest that we accrued over the period when this happened, and then until now, are we going to get our interest? Are we going to get our interest to today? How is that being calculated? What's going on, and what's -- are we just getting what we paid into our accounts, or are we getting our accounts with the actual interest, and is that until May, until now? I would like to know. I have lost so much money waiting for my money, I'd like to know at least what else I'm looking at for a loss.

MR. SWAMINATHAN: So what I can say is that, to the extent that interest is due and owing on the DDA account at Evolve, that interest will be calculated and returned.

MS. CALIGUIRE: From May until -- or until today?

MR. SWAMINATHAN: For the full time period, correct, until the money is returned.

MS. CALIGUIRE: Okay.

MR. SWAMINATHAN: I won't say it's going to be exactly today. It will be at the time that that calculation is made, which is sometime in between now and November 4th.

MS. CALIGUIRE: And then you expect to start issuing payments November 11th? I'm sorry.

MR. SWAMINATHAN: No.

MS. CALIGUIRE: Okay.

MR. SWAMINATHAN: For certain users under a balance of $100, the payments will be pushed automatically to them through an on-line payment mechanism.

MS. CALIGUIRE: Okay.

MR. SWAMINATHAN: If your balance is $100 or more, you will be required to go in and set up a payment election so that payments can be made to you. For any end user who wants a check, they can get a check cut to them, and any end user who doesn't make a payment collection, who is due funds from Evolve, will have a check cut to them in approximately 45 days. So, if you do nothing, and there's money that you are owed, a check will be cut and sent approximately 45 days from November 4th, to those individuals.

MS. CALIGUIRE: So, if everything went perfect, and it's a perfect case, what is the fastest I could get a check to me, or money back to me? So we're saying we have to wait at least until November for you to send an e-mail. Then we have to do some other paperwork. When are we talking, like, delivery date?

MR. SWAMINATHAN: If you have less than $100 balance, you --

MS. CALIGUIRE: I don't. I have more than 100. So, more than 100, when can we expect --

MR. SWAMINATHAN: You will have to make a payment election, and, depending on the method of payment that you choose, that will dictate the timing of when you will receive it. Checks obviously take long to (indiscernible) returned than an ACH. If you choose ACH or something like that, you will be getting it in a matter of days.

MS. CALIGUIRE: So you're saying potentially within the week of the 4th we could have it?

MR. SWAMINATHAN: I think the 4th is a Monday, so it is possible to have it by the week of the 4th, yes.

MS. CALIGUIRE: Okay. So, if there's a discrepancy, if we log in and we get through the process, and we see the amount that's in there, and let's say it's off, it's not off by a ton, but it's off enough, can we accept what you've already said is our balance, and then dispute the difference, so we're not held up again, or are we going to have to be held back waiting for the whole results?

MR. SWAMINATHAN: You will be able to accept the payment and also register a dispute on the web site at the same time.

MS. CALIGUIRE: Okay.

MR. SWAMINATHAN: You do not have to wait for your dispute to be resolved before you receive your payment.

MS. CALIGUIRE: And then the call center, also, we have had problems in the past. I was never able to get through to any of the call centers that were set up for anything before, and when I did, I was told I would get e-mails that never actually surfaced. So how do you plan on handling the volume that's coming in, with all the people?

I imagine most people have over $100, or they wouldn't care as much as we do. So how are you going to deal with all those people in that time period?

MR. SWAMINATHAN: The call center is staffed. It will be running from 8:00 a.m. Central to 5:00 p.m. Central, when people can make phone calls. You can also reach out by e-mail.

MS. CALIGUIRE: Is it possible to get some evening hours, so we don't have to take away from our workday again? I mean, we've already lost our money. We've already lost I don't know how many hours in time chasing this, and then this is during the day, and during the workday for a lot of people. I mean, isn't it -- wouldn't it make more sense, if anything, to have it in afternoons to evenings, or just be a little more accommodating to people?

MR. SWAMINATHAN: Those are the hours that the call center is open.

MS. CALIGUIRE: Okay. All right. That's all I have. Thank you, Judge.

THE COURT: Thank you.

All right. Mr. Gonzales, I see you're back with us.

MR. GONZALES: Audio check?

THE COURT: Yes. I can hear you now. I think it was a bandwidth issue.

MR. GONZALES: Yes, sir. Thank you.

THE COURT: Yes. Without the video, we hear you just fine.

MR. GONZALES: Yes, sir. Thank you. Jordon Gonzales, impacted end user. I just want to comment on the shortfall. The previous comments from the previous status conference hearings -- what you're saying today, Mr. Aravind (sic), is a complete contradiction of what you guys have said before. If I have to, I'll go back and get transcripts to prove that what you're saying today is not what you said before.

But, moving on to the question, it is, as far as the other banks, Lineage or AMG, if Evolve says you have our money, but you've already paid out, what are you going to do to help us get our money that's supposedly with you? And part two of that is, Evolve --

THE COURT: I'm sorry. I'm listening carefully, but I wasn't sure who that question was directed to. You mentioned some different banks.

MR. GONZALES: Yes. Yes. So that first part is listed, questions for Lineage or AMG. The reason I don't know who it's to is because of the second part. Mr. Aravind said that this web site is only going to tell us how much Evolve has of our money, but it's not going to tell us where the other money is.

If they did this systemwide, then they should be able to know if it's at Lineage or AMG or wherever. So where is that information going to be provided, and what do the other banks think about this? Are they -- if they've said they've already paid out, but yet Evolve says that they owe us money, what is -- what are they going to do?

THE COURT: All right. Would anyone like to respond?

MR. GLENOS: Chris Glenos, your Honor, on behalf of Lineage.

Mr. Gonzales, all I can say is Lineage will perform its own reconciliation and pay the monies that it has for the benefit of end users. We don't have the visibility of Evolve's system or the work product of their team. All we can do is look at the data that we have, and pay the parties who our reconciliation shows we held funds for. I'm sorry. That's probably not a satisfying answer, but that's all I can say.

MR. GONZALES: And, Mr. Aravind, are you able to answer the second part? It's like, how are we, when we log into this web site, going to know where is the money at, if you're saying only X amount is at Evolve?

THE COURT: Are you referring to Mr. Swaminathan, Mr. Gonzales?

MR. GONZALES: Yes. Yes, sir. I can't say the last name, so I just went with the first name.

THE COURT: Okay. All right. Mr. Swaminathan?

MR. SWAMINATHAN: I think, Mr. Gonzales, similar to what Mr. Glenos said for Lineage, on behalf of Evolve, we have the data that we have for ourselves, and we can provide you what the balance is for Evolve. We won't be able to provide the balance that any other bank has for you. We don't have that data.

MR. GONZALES: So my last question, your Honor, and I'll stop, because I know I'm being distracting. I have instigated my own lawsuit issues, and, speaking with one of the attorneys there in Memphis, Tennessee, he expressed that Evolve does know that when my transaction deposit hits Evolve, that it's been transferred to another bank. You know what that bank is, because you transferred to it, so how can you tell me you don't know what has been transferred to another bank? So that's not -- that's unacceptable.

(No response.)

MR. GONZALES: If there's no reply, I understand. I'll stop. Thank you, your Honor.

THE COURT: Thank you, Mr. Gonzales.

Steve Massis.

MR. MASSIS: Good morning. Steven Massis on behalf of Fintech Triple 2, dba DishOut. This question is for Lineage. You know, after many generic responses from

Lineage, going through e-mails, you know, we are a Synapse partner, and we are apparently the last 25 percent to get paid. Apparently you guys were going through highest balances to smallest balances. I understand that.

We, as a company, saw the writing on the wall, and started pulling funds from the account early on, but we are getting a lot of questions from our end users about when the money will be distributed, and we are also being (indiscernible) with lawsuits over here, and to not have a time line from you guys from multiple e-mails of when this money will be paid out -- Evolve has come to the table. They've put out a date. When will the last 25 percent be paid out? Do you have a time frame at all, so I could give my end users an answer on this? Thank you.

MR. GLENOS: Chris Glenos for Lineage. Mr. Massis, I'm sorry. I don't have a specific time line. We're working diligently, going down the list. There are multiple Fintechs, and still thousands of users, many with small balances. We take bites at the apple every day. Some are big bites, some are small bites. All I can say is we continue to make forward progress, and we appreciate your concerns, and the bind that this has put everyone in, and we are working diligently to get the funds out.

THE COURT: Mr. Massis, have you been able to contact somebody at Mr. Glenos' client?

MR. MASSIS: Yes. I've had a couple of responses from different people. The last e-mail was -- the person that I was talking to does not -- is no longer working with the company. So I got a real generic response from the last e-mail. It doesn't seem like there's any real effort.

On our part, we've sent over balances, user names, everything that we can on our end, to make sure that they have the information needed to get these people paid, and it just doesn't seem like there's any effort from the Lineage side to say, "Hey. You know, we've received this. This is a discrepancy. This is how fast we could get them paid out."

And, you know, it's really unfortunate, because our balances, in hindsight, are not a lot. You know, this is something that could be taken care of very easily on our end, and we feel like on their end as well, to reconcile, but the response is very minimal.

THE COURT: Okay. All right. Sorry to hear that.

Ms. Caliguire, you have a follow-up?

MS. CALIGUIRE: Yes, just a follow-up with Jordon, too, because, I mean, I don't want to beat the dead horse here, but I'm a little confused, because it's been my understanding that the reason that this has been taking so long, and that we're having to wait all these extra weeks and months past all the other banks, is because Evolve insisted on not just scouring through every individual record, like you said, but doing so for all the other banks, to reconcile to give us information about the shortfall, and to make sure that everything was really buttoned up, and it seems like we just waited for you to do that for your own purpose, and now you're not sharing any of that information with us, or with any of the other banks, and we could just be causing a whole new set of problems, and it feels like you just had us wait so you could prepare yourself for your lawsuits, not really for the true reconciliation purposes that you've been telling us for weeks and months.

We've been waiting almost six months for our money, and we thought we were waiting a lot longer, because you were bringing back information to square all this up, and you're just being really tightlipped, and just -- it's really unfortunate, because now I feel really misled, and I've lost thousands of dollars in the process of waiting for my money, and it's ridiculous. So I just feel really misled with this process, now that we've been waiting for the reconciliation. Now the information we're getting back is nothing. It's just quiet. So that's just really concerning, and that's a lot of feedback, too, on line for folks. You know, that's (indiscernible). Thanks.

THE COURT: Okay. Thank you.

Anyone else? Joshua Nelson.

MR. NELSON: Thank you, your Honor. Joshua Nelson, end user for Yotta.

This question is directed to Mr. Swaminathan. I just want to make sure I understand correctly that there will be no chance before November 4th to understand what our balance is at Evolve, or is there a way -- is November 4th the earliest that we will be able to see what our balance is and what is owed to us?

MR. SWAMINATHAN: Your Honor, Aravind Swaminathan on behalf of Evolve.

Yes, Mr. Nelson. On November 4th is the earliest date that we can provide that information. We're trying to provide it in a secure manner, through the web site, so that machinery and infrastructure has to be built. There are certain checks that have to be done before that information is provided, but we will be providing it on November 4th.

MR. NELSON: Sure. That's understood. And I have another follow-up question.

I'm not sure if you have any guidance on this or not, but this week I reached out to Yotta to essentially take, you know, what my Yotta balance is and compare that to what is on the Synapse trial balance report, and it ended up that those two balances matched up correctly, and Yotta, in their e-mail, went as far as to say that my funds are at Evolve.

Given -- I mean, I know this is a bit of -- well, just on a factual -- on those facts alone, should I feel pretty confident that, you know, my balance is going to be true, or -- I think just -- I mean, I know it's hard to answer this, but there's just -- a lot of us are hanging on a thread here, and wondering when we're going to be able to, you know, see that balance, and we just hope that we don't get kind of bamboozled, for lack of better words, and I'm just trying to prepare myself mentally if I should expect that balance to match up or not, if there's any guidance on that.

MR. SWAMINATHAN: Mr. Nelson, I appreciate that. What I can tell you, Mr. Nelson -- and, again, your Honor, Aravind Swaminathan on behalf of Evolve.

What I can tell you, Mr. Nelson, is that the reconciliation process to recalculate the Synapse ledger determined that there were material inaccuracies in the way that Synapse had recorded and was reporting end user balances. The other thing I can tell you is, I appreciate that, when you log in, you'll get the answer to your question. There's a process built into the web site, or there will be a process that's built into the web site, so you can file a dispute right then and there if you think that you have additional monies that are -- that should be coming to you from Evolve. And so please go ahead and do that if, when you see what's reported to you, it's difficult than what you think you're owed, and we encourage you to use that feature and report those issues, and we will review those and respond.

MR. NELSON: Thanks.

THE COURT: Corey Wanless.

MR. WANLESS: Thank you, your Honor. This question -- I'm Corey Wanless, an affected user, end user, through Yotta. This question is for Evolve.

So, through the process that you guys went through, when you found the irregularities, were they mostly of transactions recorded on the Synapse side, and did not get recorded on the Evolve side, or the other way around?

MR. SWAMINATHAN: Your Honor, Aravind Swaminathan on behalf of Evolve.

I think that was from Mr. Nelson or Mr. Cotter. I'm sorry. I can't remember.

THE COURT: It was Mr. Wanless.

MR. SWAMINATHAN: Wanless. Thank you, your Honor.

THE COURT: Yes.

MR. SWAMINATHAN: I can't answer that question. There is a variety of answers. There's a variety of reasons why the ledger was inaccurate, and, unfortunately, this is -- as I said, I would, unfortunately be a broken record. This is the subject of ongoing litigation, and I can't provide any more information on that.

THE COURT: All right. Mr. Cotter, you have a follow-up question?

MR. COTTER: I do, and I'm not driving. This is Zach Cotter, impacted end user --

THE COURT: Good.

MR. COTTER: -- Yotta.

THE COURT: Thank you. I'm a dad, you know. I worry about these things.

MR. COTTER: I am as well. I do, too. No, I appreciate that.

I guess it's probably another "broken record" question, but -- I forget. Another impacted end user had brought this up. Why did things change from three weeks ago, from our last, I guess, session, where Evolve had come out and said -- and the Court is the only one that has the transcripts. I'm sure that is something that will be brought up.

They are doing the reconciliation for all of the banks, for everybody. That's what had taken so long, was that not only were we going to figure out where our money was at Evolve, if it was not there, we were going to figure out where it was at these other banks. So what has changed in that three-week time? And that's what I'd love to know from Mr. Swaminathan.

MR. SWAMINATHAN: Yes, your Honor. Mr. Swaminathan for Evolve.

The reconciliation process was to recalculate end user balances regardless of where their funds were at, regardless of which bank their funds were at, across the Synapse ecosystem. That is complete. That was the reconciliation process.

MR. COTTER: That's not what you said.

MR. SWAMINATHAN: Mr. Cotter, with due respect, that is what I have said, and what I have said since the beginning.

MR. COTTER: No, it's not.

MR. SWAMINATHAN: It's calculated across the Synapse ecosystem, regardless of which bank your funds may be held at.

MR. COTTER: It is not.

THE COURT: Okay.

MR. COTTER: And how are we supposed to know where our funds are held?

MR. SWAMINATHAN: What I can tell you, Mr. Cotter, is we will be able to tell you your funds are held at Evolve. We don't have the data for the other banks.

MR. COTTER: Well, then, my next question is for Yotta, because that is, I guess, the front end of who I was initially trusting my dollars in, is, I guess, from their standpoint, then -- and I'm sure they have a legal counsel -- how am I able to figure out where my dollars went as they were deposited?

THE COURT: Is there anyone from Yotta that wants to respond?

MR. GOTTFRIED: Your Honor, this is Michael Gottfried with Elkins Kalt on behalf of Yotta Technologies.

Mr. Cotter, we are equally frustrated with the responses that we're getting today. We were hopeful that this reconciliation process would provide further information than what seems to be available at this point.

What Yotta had was the trial balances from Synapse. We certainly don't know whether or not those are accurate or not, and certainly understand that, but, you know, our view is that Evolve would be able to say today where the use of funds are from their reconciliation. So we're happy to continue working with you, and helping to the extent that we can, but we're equally disappointed with where things are today.

THE COURT: Let me -- thank you, Mr. Gottfried.

Mr. Swaminathan, I have a question for you. Again, it's just sort of basic, if you can answer. What is the sort of magnitude of the cash balances that Evolve has calculated that they plan to -- you know, that they plan to pay over?

I think it would be helpful, because I think it's a big number, and while I don't mean to invalidate anyone's concerns, I think that this may be in sharper focus once they have access to the information that you're offering to end users, and that that very large sum of money is returned. It may not solve all of the problems, but it may help many, many people, and maybe it would help to kind of, at this point, wait and see what happens on November 4th.

But, anyway, are you able to say?

MR. SWAMINATHAN: Your Honor, again -- and I apologize -- this is the subject of ongoing litigation in both of those two cases, and I am not able to say any more.

THE COURT: Okay. All right. Mr. Wanless, you have a follow-up?

MR. WANLESS: Yes. Thank you. Corey Wanless, end user of Yotta, another just follow-up question for Evolve.

As part of the web site that you're going to release access to us on November 4th, will we be able to see or download the individual transactions you guys saw for our given account, either on the Synapse side or the Evolve side, so that, if we do have a dispute, we have some data that shows what you guys see, so that we can better be informed to have that conversation?

MR. SWAMINATHAN: That is not going to be provided on that web site, Mr. Wanless. I'm sorry.

THE COURT: All right. Any other questions?

(No response.)

THE COURT: All right. Look. This has been an awful, awful situation from the very beginning. For some of you, there's going to be information coming out in the next couple weeks, and I hope, for as many of you as possible, that the information is positive, and that you get your money back, or as much of your money back in the short term as you are able, but I think, at this point today, we may be beating a dead horse. Apologies for the analogy, but I think it's apt.

Ms. McWilliams, did you want to add something?

MS. MCWILLIAMS: No, your Honor. I don't have anything to add above and beyond what has been said, that the information shared by Evolve is the information they shared with us. We don't have anything more than that.

THE COURT: Okay. All right. Mr. Glenos, you have something to add?

MR. GLENOS: Yes, your Honor. Chris Glenos for Lineage Bank, slightly different topic, your Honor. There was a 2004 motion filed, directed to Lineage, Monday night, and before we responded, the Court ruled on it last night.

THE COURT: Yes.

MR. GLENOS: We would like to be heard on the motion. I'm sorry?

THE COURT: Yes. So the practice here in the Central District is, if the 2004 states a colorable entitlement to a 2004 exam, they're routinely approved. Our local rule provides that if you have a problem with the 2004 order, you file a motion for a protective order. I think it's just sort of the reality of the big-city district. We don't see a lot of -- we don't entertain a lot of litigation when we get a 2004 application. We hear it in response to the 2004 order.

So, as long as you timely file a motion for a protective order, and if you need to seek a shortening of time, request a shortening of time, or request that everything sort of be held in abeyance for a more orderly hearing schedule, we'll entertain that. The local bankruptcy rule is 2004-1(f), and that's basically -- we have a rule for that.

So I don't think -- other than shifting the burden to you to file something fashioned as a motion for a protective order, rather than fashioning it as an opposition, I don't think there's any substantive impact on your rights, and if you have an issue with it, I suggest you promptly file a motion for a protective order, Mr. Glenos.

MR. GLENOS: Thank you, your Honor.

THE COURT: Okay. Any other questions, comments?

(No response.)

THE COURT: I need to tell you when we'll have another status conference.

Ms. McWilliams, are you available on November 13th at 10:00 a.m.?

MS. MCWILLIAMS: Yes, I am, your Honor. Thank you.

THE COURT: Okay. So I'm going to set -- I'm available then, too, and I hope everybody will join us again on November 13th at 10:00 a.m. We'll have to post something on the calendar with the Zoom information for that date, but that should be done by the end of the day today.

All right. Okay. One last comment. I see a hand up from Joshua Nelson.

MR. NELSON: Thanks, your Honor. Joshua Nelson, end user for Yotta.

This is directed against Mr. Swaminathan. I maybe sound like a broken record here, but I just want to make sure, because I don't want to put any extra effort into this if it's going to be a dead-end street, but is that e-mail on November 4th the only means of us being -- or end users being able to check their balance with Evolve, meaning could I reach out to Evolve directly to their customer service and just, you know, prove who I am, my account number, or is it pretty much we just have to wait another two weeks, and there's nothing we can do about it until then?

MR. SWAMINATHAN: Mr. Nelson, thank you.

Again, your Honor, Aravind Swaminathan for Evolve.

Yes, November 4th is the day to call, and we recommend calling the call center number that's on the web site, or logging into that portal.

THE COURT: All right.

MR. NELSON: And just to confirm, if I called up Evolve's customer service and requested that information before November 4th, would they be able to comply with that?

MR. SWAMINATHAN: They will not have it, Mr. Nelson. They will not have it.

MR. NELSON: Even though the reconciliation is complete?

MR. SWAMINATHAN: Correct. They're all going to be released on November 4th.

MR. NELSON: Okay. Thanks.

THE COURT: All right. Thank you all. Again, I want to thank the trustee and her professionals. I want to thank the folks from the banking institutions that are on, whether they spoke or not. I appreciate people showing up to hear what your depositors have to say, and hear, you know, bluntly, their questions, concerns, and the difficulties that they're experiencing.

I'll say to the end users, I can't say that I am in the -- I'm not in the same place you are, because my deposits were not in this system, but I understand why you're frustrated. I have my own personal frustrations that, at this point, I'll keep to myself. But I would urge everybody -- I'm not saying this on behalf of anybody in particular, but just human being to human being.

I mean, what we've heard today is that Evolve has been through an exercise, and there are arguments about what they said they would do, what they've done. I'm not going to get into that. But they plan to share that information, the information they have, with end users, and they're setting up an infrastructure to get, although they won't confirm how much, what I hope will be a very substantial sum.

And I know this has been a forever wait, but let's see what happens in the next couple weeks. Hopefully, some substantial amount of your funds get returned. But I understand why you're asking the questions you're asking. I'm sure they do, too. My hope is that as much money can get back to people before things invariably devolve into litigation.

So I'm going to keep my fingers crossed and hope for the best, and just know that I'm thinking about you. There are a lot of people on this call. I know Ms. McWilliams and her professionals are, also, and we're hoping that there's a very substantial amount of relief coming soon. Okay?

All right. Thanks, all. This Court --

MS. MCWILLIAMS: Thank you, your Honor.

THE COURT: -- is adjourned.

(Proceedings concluded.)

I certify that the foregoing is a correct transcript from the electronic sound recording of the proceedings in the above-entitled matter.

/s/ Holly Steinhauer 10-28-24

Transcriber Date