UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:	:	**Chapter 11**
WEISS MULTI-STRATEGY ADVISERS LLC, *et al.*,[1]	:	**Case No. 24-10743 (MG)**
Debtors.	:	**(Jointly Administered)**

REPORT OF CHRISTOPHER K. KIPLOK, EXAMINER

HUGHES HUBBARD & REED LLP
Dustin P. Smith
One Battery Park Plaza
New York, New York 10004
Telephone: (212) 837-6000

Counsel to the Examiner

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: Weiss Multi-Strategy Advisers LLC (7518); GWA, LLC (7079); OGI Associates LLC (4493); Weiss Special Operations LLC (7626), and Weiss Multi-Strategy Funds LLC (8004). The location of Debtor Weiss Multi-Strategy Advisers LLC's principal place of business was formerly 320 Park Avenue, 20th Floor, New York, New York 10022 and the Debtors' service address in these Chapter 11 Cases is P.O. Box 2857, Meriden, Connecticut 06450.

TABLE OF CONTENTS

Page

PART ONE: BACKGROUND AND ASSIGNED DUTIES 5

I. The Examiner's Appointment and Assigned Duties 5

II. The Examiner's Methodology 7

PART TWO: CORPORATE BACKGROUND 9

I. Company Function and Overview 9

A. Overview of Firm Management 10

1. George Weiss – Founder & CEO 10

2. Jordi Visser – CIO 10

3. Mike Edwards– Deputy CIO & Chief Administrative Officer 11

4. Pierce Archer ("Archer") – COO 11

5. Jeff Dillabough ("Dillabough") – General Counsel 11

6. Michele Lanzoni ("Lanzoni") – Controller 11

B. Role and Authority of Committees 12

C. Investment Professionals 13

D. Support and Back-Office 14

II. The Weiss Bonus Structure 14

A. Staff and Management Bonuses 14

B. Investment Professional Bonuses 15

C. Historic Bonus Payment Dates 19

PART THREE: THE 2024 BONUS PAYMENTS 20

I. Overview of the February 2024 Bonus Payments 20

II. REITs Retention Bonuses 23

III. Events Surrounding the Payment of the 2024 Bonus Payments 24

A. The Jefferies Relationship 24

B. Bonus Payments Information Exchange 26

C. "Project Washington" 29

D. The Draft Forbearance Agreement 31

E. Weiss's Decision to pay the 2024 Bonus Payments 32

F. Notification to Jefferies of Bonus Payments 34

G. Closing/Liquidation 37

PART FOUR: THE BONUS PAYMENTS WERE CONSISTENT WITH CONTRACTUAL OBLIGATIONS AND INDUSTRY STANDARDS 38

I. The 2024 Bonus Payments Were Consistent with Weiss Contractual Obligations 38

II. The 2024 Bonus Payments Were Generally Consistent with Historical Practice 39

III. The 2024 Bonus Payments Were Consistent with Industry Practice 41

A. Investment Manager Compensation Generally 41

B. Weiss Bonus Program was consistent with Industry Standards 42

PART FIVE: OTHER INSIDER TRANSFERS 42

I. George Weiss Note, Compensation, and Legal Expenses 42

II. Jordi Visser Notes 44

III. Other Employee Bonuses 44

IV. Miscellaneous Disbursements 45

V. Corporate Aircraft 45

PART SIX: VIABILITY OF AVOIDANCE CAUSES OF ACTION 46

I. Fraudulent Transfers under the Bankruptcy Code: 47

A. Intentional Fraudulent Transfer under 11 U.S.C. § 548(a)(1)(A) 47

B. Constructive Fraudulent Transfer under 11 U.S.C. § 548(a)(1)(B) 48

C. Defenses To Fraudulent Transfer Actions 50

D. Preferential Transfers 51

E. Preference Defenses 52

1. Contemporaneous Exchange for New Value 52

2. Ordinary Course of Business 53

3. New Value Defense 54

F. State Law Avoidance Claims 54

II. Analysis of Potential Causes of Action 55

A. Intentional Fraudulent Transfer Claims under 11 USC § 548(a)(1)(A) 56

B. Constructive Fraudulent Transfer Claim – 11 USC § 548(a)(1)(B) 61

1. Less than Reasonably Equivalent Value 61

2. Insolvency 63

3. Defenses to Fraudulent Transfers 64

C. Preference Claims 65

1. Affirmative Defenses 67

SECTION SEVEN: RECOMMENDATIONS 71

TABLE OF AUTHORITIES

Page(s)

CASES

In re 360networks (USA) Inc., 338 B.R. 194 (Bankr. S.D.N.Y. 2005).....71

In re Adelphia Commc'ns Corp., No. 02-41729 (REG), 2006 WL 687153 (Bankr. S.D.N.Y. Mar. 6, 2006) 49

In re Bankr. Estate of Norske Skogindustrier ASA, 629 B.R. 717 (Bankr. S.D.N.Y. 2021).....48, 58

In re Bayou Grp., 396 B.R. 810 (Bankr. S.D.N.Y. 2008) 51, 64

In re Bernard L. Madoff Inv. Sec. LLC, 12 F.4th 171 (2d Cir. 2021).....51

In re Bernard, LLC, 458 B.R. 87 (Bankr. S.D.N.Y. 2011).....61

In re Churchill Mortg. Inv. Corp., 256 B.R. 664 (Bankr. S.D.N.Y. 2000).....61

In re CIS Corp., 195 B.R. 251 (Bankr. S.D.N.Y. 1996).....66

In re Cyberrebate.com, Inc., 296 B.R. 639 (Bankr. E.D.N.Y. 2003).....69

In re Dearborn Bancorp, Inc., 583 B.R. 395 (Bankr. E.D. Mich. 2018).....67, 71

In re Dewey & LeBoeuf LLP, No. 14-01919 (MG), 2014 WL 4746209 (Bankr. S.D.N.Y. Sept. 23, 2014).....passim

In re Dreier LLP, 452 B.R. 391 (Bankr. S.D.N.Y. 2011) 51, 64

In re Dreier LLP, 453 B.R. 499 (Bankr. S.D.N.Y. 2011) 52

In re Eight-11 Assocs., LLC, 650 B.R. 43 (Bankr. S.D.N.Y. 2023).....47, 54, 55

In re Enron Corp, 01-16034-AJG, 2005 WL 6237551 (Bankr. S.D. Tex. 2005).....71

In re Enron Corp., 357 B.R. 32 (Bankr. S.D.N.Y. 2006).....51, 52, 53, 71

In re Fabrikant & Sons, Inc., No. 06–12737 (SMB) 2010 WL 4622449 (Bankr. S.D.N.Y. Nov. 4, 2010).....69

In re George G. Sharp, Inc., No. 20-10590 (MEW), 2022 Bankr. LEXIS 1484 (Bankr. S.D.N.Y. May 25, 2022).....54

In re George, Bankr. LEXIS 1484 (Bankr. S.D.N.Y. May 25, 2022).....54

In re Jesup & Lamont, Inc., 507 B.R. 452 (Bankr. S.D.N.Y. 2014) 49, 63

In re Jones Truck Lines, Inc., 130 F.3d 323 (8th Cir. 1997)..... 67

In re Kaiser, 722 F.2d 1574 (2d Cir. 1983)..... 47

In re Knippen, 355 B.R. 710 (Bankr. N.D. Ill. 2006)) 63

In re Lyondell Chem. Co., 541 B.R. 172 (Bankr. S.D.N.Y. 2015)..... 48

In re Lyondell Chem. Co., 567 B.R. 55 (Bankr. S.D.N.Y. 2017)..... passim

In re Musicland Holding Corp., 462 B.R. 66 (Bankr. S.D.N.Y. 2011) 54

In re Nanobeak Biotech Inc., 656 B.R. 350 (Bankr. S.D.N.Y. 2024)..... 48, 58

In re Quebecor World (USA) Inc., 491 B.R. 363 (Bankr. S.D.N.Y. 2013)..... 53

In re Roblin Inds., 78 F.3d 30 (2d Cir. 1996). 49

In re Schick, 234 B.R. 337 (Bankr. S.D.N.Y.1999) 69

In re Sharp Int'l Corp., 403 F.3d 43 (2d Cir. 2005)..... 47

In re Teligent, Inc., 315 B.R. 308 (Bankr. S.D.N.Y. 2004)..... 54

In re Trib. Co. Fraudulent Conv. Litig., No. 12-mc-2296 (RJS) 2018 WL 6329139 (S.D.N.Y. Nov. 30, 2018) 52

In re Tronox Inc., 503 B.R. 239 (Bankr. S.D.N.Y. 2013) 49

In re Waterford Wedgwood USA, Inc., 508 B.R. 821 (Bankr. S.D.N.Y. 2014) 68

In re Wonderwork, Inc., 611 B.R. 169 (Bankr. S.D.N.Y 2020)..... 61

Mellon Bank, N.A. v. Metro Commc'ns, Inc., 945 F.2d 635 (3d Cir. 1991) 50

STATUTES

11 U.S.C. § 101..... 49, 63

11 U.S.C. § 544..... 47, 54

11 U.S.C. §§ 544-551 46

11 U.S.C. § 547..... 46, 52, 53, 65

11 U.S.C. § 548..... passim

11 U.S.C. § 549 46

OTHER AUTHORITIES

5 COLLIER ON BANKRUPTCY ¶ 547.01 51

5 COLLIER ON BANKRUPTCY ¶ 547.04 67

5 COLLIER ON BANKRUPTCY ¶ 548.05 50

EXECUTIVE SUMMARY

Financial firms are fragile organisms. In the event of a collapse, the failure is abrupt, dramatic, and rarely, if ever, produces winners. The failure of the longstanding Weiss firm appears no different.

This is the Report of Christopher K. Kiplok, as "Examiner" in the Chapter 11 bankruptcy cases of Weiss Multi-Strategy Advisers, LLC ("Weiss")[2] and its affiliated debtors (the "Report"), Case No. 24-bk-10743 (Bankr. S.D.N.Y., The Honorable Chief Judge Martin Glenn, presiding). The Report seeks to provide objective clarity to the events that led to the bankruptcy filing, specifically as to bonuses and other compensation in the firm's final days.

Under the Southern District of New York Bankruptcy Court's August 15, 2024 Order (the "Scope Order"), the Court directed the appointment of an Examiner to investigate (the "Investigation") "the Debtors' compensation and bonus payments made in February 2024, as well as any other transfers made by the Debtors to the Debtors' insiders during the period from April 29, 2022 to April 29, 2024 . . ." and to determine:

> (i) whether the payments or transfers were consistent with the relevant contractual obligations, business history and industry standards;
> (ii) whether the payments or transfers were made in the ordinary course of the Debtors' businesses; [and]
> (iii) whether the Debtors have any viable causes of action for avoidance of the payments or transfers[.][3]

The Scope Order also instructed the Examiner "to report and recommend a course of action, if any, related to the avoidance and recovery of any payments or transfers."[4]

---

[2] To minimize confusion, "Weiss" shall refer exclusively to Weiss Multi-Strategy Advisers, LLC and George Weiss shall always be identified by his full name.

[3] Order Directing the Appointment of an Examiner Pursuant to Section 1104(c) of the Bankruptcy Code, ECF No. 173 at ¶ 3.

[4] *Id.*

A. Summary of Findings and Conclusions

In accordance with the Scope Order, the Report addresses whether the Debtors made any transfers that are subject to avoidance actions. The Report's primary focus is the award of the 2024 Bonus Payments (terms defined *infra*), including: (i) the February 2024 Bonus Payments, which in turn included Staff and Management Bonuses and Investment Professional Bonuses; (ii) the January 2024 REITs Retention Bonuses; and (iii) certain "Other Bonuses." In addition, the Report addresses other transfers, including: (i) notes issued by Weiss to George Weiss and Jordi Visser, (ii) bonus payments in the years 2022 and 2023 (the "2022-23 Bonus Payments"), (iii) miscellaneous disbursements, and (iv) use of Weiss's airplane (collectively, the "Other Transfers").

As detailed more fully in the Report, the Examiner's conclusions are as follows:

- The 2024 Bonus Payments were consistent with Weiss' contractual obligations, as set forth in the applicable employee contracts, employee Handbook, and Weiss' Bonus Plan. In limited instances where employees received bonuses separate from the Bonus Plan, those discrete bonuses were memorialized in new employment agreements.
- The February 2024 Bonus Payments were substantially consistent with historical practice at Weiss. The timing of the payments was in accordance with the Bonus Plan, which directed that the payment be made in February.
- The 2024 Bonus Payments were consistent with industry practice. The value of these bonuses was consistent with preceding years and consistent with industry standards. The Bonus Plan provided that investment professionals received performance-based compensation derived from their investment strategies' P&L. Discretionary payments

to staff and management were within industry norms and were awarded consistently year-to-year.

- With regard to the February 2024 Bonus Payments, the Examiner concludes that there are no viable claims for intentional fraudulent transfer under 11 U.S.C. § 548(a)(1)(A) and constructive fraudulent transfer under 11 U.S.C. § 548(a)(1)(B). Even had there been a fraudulent transfer, the transferees acted in good faith and may be entitled to the "good faith" defense to an otherwise avoidable transfer under Section 548(c). The Investigation found that there was substantial evidence of a legitimate business purpose justifying the 2024 Bonus Payments. The Examiner also concludes that the February 2024 Bonus Payments should not be avoided as a preference under 11 U.S.C. § 547(b), because the payments fall under the 11 U.S.C. § 547(c)(2) affirmative defense of occurring in the ordinary course of business.
- Conversely, the Examiner concludes that there are viable claims arising from the REITs Retention Bonuses for constructive fraudulent transfer under 11 U.S.C. § 548(a)(1)(B) because the Debtors did not receive reasonably equivalent value for these three $1 million payments. The Examiner also concludes there is a viable cause of action to avoid the portion of the REITs Retention Bonus that was paid to the REITs' Portfolio Manager, an insider of the Debtor, as a preference under 11 U.S.C. § 547(b).
- The Examiner concludes that the Other Transfers are not actionable. The 2022-23 Insider Bonus Payments were, like the 2024 Bonus Payments, consistent with contractual guarantees, and historical and industry practice. A note issued to George Weiss was fully reimbursed, and Debtors entered a settlement of potential causes of action with Visser. Miscellaneous disbursements were itemized, supported by documentation, largely

minimal, and consistent with past practices. The corporate aircraft has been sold, and all payments have been made to the third party that administered its use.

As detailed in the Recommendations Section (*infra* § Part Seven), the Examiner believes that the estate would benefit from a prompt mediation of the claims arising from the payment of the REITs Retention Bonuses. The Examiner's recommendation is informed by the viability of these claims, the amount at issue, and the potential cost and delay of litigation to both the estate and the transferees. The Examiner believes these claims can yield significant value for creditor recoveries if resolved in a prompt and efficient manner.

B. Structure of the Report

The Report is structured as follows. Part One sets forth the Examiner's methodology, and addresses the Examiner's document requests, communications with parties with information relevant to the Investigation, and the interviews undertaken by the Examiner.

Part Two of the Report describes Weiss' corporate background and includes an overview of Weiss' functions, structure and management, and key personnel. Part Two also describes Weiss' bonus structure and the documents and principles according to which bonuses are allocated.

Part Three of the Report sets forth the events surrounding the payment of bonuses in 2024 and aims to situate the bonus payment within Weiss' broader business history, including its business relationship with Jefferies. As described in Part Three, the bonus payments were made during a dynamic month in which Weiss was trying to ensure the retention of key employees during negotiations for an investment relationship with [redacted]

Part Four of the Report analyzes the bonuses paid in February 2024.

Part Five of the Report addresses other insider transfers within the Examiner's purview. The principal such transfer was the award of the REITs Retention Bonuses: three $1 million

retention bonuses paid in January 2024 to members of the highly sought-after REITs investment strategy. In addition, the Examiner addresses historic notes to George Weiss and Jordi Visser, Weiss' awards of bonuses in 2022 and 2023, miscellaneous disbursements to employees, and the use of Weiss' corporate aircraft.

Part Six includes the Examiner's legal analysis of the viability of avoidance causes of action, including fraudulent and preferential transfers, as well as the defenses to these causes of action.

Part Seven includes the Examiner's Recommendations.

PART ONE: BACKGROUND AND ASSIGNED DUTIES

Part One of this Report sets out the relevant history of these bankruptcy cases, the scope of the Investigation, and the Examiner's methodology.[5]

I. The Examiner's Appointment and Assigned Duties

On April 29, 2024 (the "Petition Date"), Weiss Multi-Strategy Advisers LLC and its affiliates (the "Debtors") filed for Chapter 11 bankruptcy in the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court"). On July 15, 2024, the Debtors moved for an appointment of an examiner pursuant to Section 1104(c) of the United States Bankruptcy Code (the "Bankruptcy Code") to "investigate and analyze the Debtors' year end compensation payments made in February 2024 . . . ."[6] On August 6, 2024, Jefferies Strategic Investments, LLC, Leucadia Asset Management Holdings LLC, and Jefferies LLC (collectively, "Jefferies" or the "Jefferies Parties") filed a limited objection to the Debtors' motion and requested

---

[5] The redactions in the report are made pursuant to the Confidentiality Agreement and Joint Stipulated Protective Order (ECF No. 210) as amended by the Amendment to Confidentiality Agreement and Joint Stipulated Protective Order Among the Debtors and Examiner (ECF No. 265).

[6] Debtors' Motion for Entry of an Order Pursuant to 11 U.S.C.§ 1104(C) Directing the Appointment of an Examiner, ECF No. 135 at 11.

that the Bankruptcy Court "expand the proposed scope of the [E]xaminer's investigation to include an investigation as to whether the Debtors made any additional, potentially voidable transfers to the Debtors' insiders within the two years preceding the [P]etition [D]ate."[7]

On August 15, 2024 the Court in the Scope Order directed the appointment of an Examiner to investigate "the Debtors' compensation and bonus payments made in February 2024, as well as any other transfers made by the Debtors to the Debtors' insiders during the period from April 29, 2022 to April 29, 2024 . . ." and to determine:

> (i) whether the payments or transfers were consistent with the relevant contractual obligations, business history and industry standards;
> (ii) whether the payments or transfers were made in the ordinary course of the Debtors' businesses; [and]
> (iii) whether the Debtors have any viable causes of action for avoidance of the payments or transfers[.][8]

The Scope Order also instructed the Examiner "to report and recommend a course of action, if any, related to the avoidance and recovery of any payments or transfers."[9]

The United States Trustee (the "U.S. Trustee") then filed an application requesting an order appointing Christopher K. Kiplok as Examiner on August 20, 2024,[10] and the Bankruptcy Court entered the order on the same day.[11] On August 29, 2024, the Examiner filed: (i) a motion to approve his motion and budget,[12] and (ii) a motion for an order authorizing the retention of Hughes Hubbard & Reed LLP ("Hughes Hubbard") as attorneys for the Examiner (the "Retention

---

7 Limited Objection of Jefferies Strategic Investments, LLC, Leucadia Asset Management Holdings LLC, and Jefferies LLC to the Debtors' Motion for Entry of an Order Pursuant to 11 U.S.C. § 1105(C) Directing the Appointment of an Examiner, ECF No. 163 at ¶ 24. The Debtors filed a reply to Jefferies' limited objection on August 9, 2024: Debtors' Reply to the Limited Objection of the Jefferies Entities to the Debtors' Motion for Entry of an Order Pursuant to 11 U.S.C. § 1104(C) Directing the Appointment of an Examiner, ECF No. 168.

8 Order Directing the Appointment of an Examiner Pursuant to Section 1104(c) of the Bankruptcy Code, ECF No. 173 at ¶ 3.

9 *Id.*

10 Application for Order Approving the Appointment of Examiner, ECF No. 178.

11 Order Approving Appointment of an Examiner, ECF No. 179.

12 Examiner's Motion to Approve Work Plan and Budget, ECF No. 192.

Application").[13] No objections to the Retention Application were filed.[14] The Bankruptcy Court granted both motions on September 5, 2024,[15] and September 13, 2024,[16] respectively.[17]

II. The Examiner's Methodology

To conduct the Investigation outlined in this Report, the Examiner obtained, reviewed, and analyzed more than twenty-five hundred Weiss documents. These documents were provided by Weiss through its bankruptcy counsel, former employees of Weiss, Jefferies, and a third-party plane leasing company. The Examiner's document collection and review consisted primarily of an iterative and collaborative process with Weiss' counsel. The Examiner's counsel engaged in several calls with Weiss' counsel and proposed the production of various categories of documents relevant to the Scope Order. The Examiner's counsel also proposed search terms based on key words associated with the investigative topics outlined in the Scope Order. Next, the Examiner's counsel revised and focused the search terms based on the volume and responsiveness of responsive documents. Weiss' counsel produced approximately 2,500 responsive and non-privileged documents to the Examiner. In addition, Weiss reviewed documents from Jefferies' counsel and counsel for several of the Insiders.[18]

---

[13] Examiner's Application for Entry of an Order Authorizing the Retention and Employment of Hughes Hubbard & Reed LLP as Attorneys for the Examiner Effective as of August 20, 2024, ECF No. 193.

[14] Certificate of No Objection Regarding Examiner's Application for Entry of an Order Authorizing the Retention and Employment of Hughes Hubbard & Reed LLP as Attorneys for the Examiner Effective as of August 20, 2024, ECF No. 198.

[15] Order Approving Examiner's Work Plan and Budget, ECF No. 196.

[16] Order Authorizing the Retention and Employment of Hughes Hubbard & Reed LLP as Attorneys for the Examiner Effective as of August 20, 2024, ECF No. 199.

[17] The Examiner filed a motion on October 17, 2024, seeking to extend the deadline for filing the Report, based on certain delays in document production to the Examiner, which delayed scheduling of several interviews. Examiner's Motion to Extend the Deadline for Filing of the Examiner's Report and Related Relief, ECF No. 233. The Court granted the motion on October 24, 2024. Order Extending the Deadline for Examiner's Filing of the Examiner's Report and Granting Related Relief, ECF No. 249.

[18] To protect confidentiality interests, on September 20, 2024, Hughes Hubbard and Debtors' counsel Klestadt Winters Jureller Southard & Stevens LLP ("Klestadt") signed and filed a confidentiality agreement (the "Confidentiality Agreement").

Additionally, in accordance with the Scope Order, from September 20, 2024, to November 5, 2024, the Examiner's professionals conducted fact interviews of 18 individuals, including the Debtors' management, critical staff, Portfolio Managers ("Portfolio Managers"), and analysts, as well as individuals from Jefferies with knowledge of the Debtors' business and finances. Individuals interviewed include:

Name	Role/Relationship
George Weiss	Founder, CEO, Treasurer, and Chairman
Jordi Visser	Chief Investment Officer
Michael Edwards	Deputy Chief Investment Officer and Chief Administrative Officer
Pierce Archer	Chief Operating Officer
Jeffrey Dillabough	General Counsel and Chief Compliance Officer
Michele Lanzoni	SVP and Controller
Ron Lior	Portfolio Manager – REITs
[redacted]	Portfolio Manager – Global Staples
[redacted]	Portfolio Manager – Consumer Services
[redacted]	Portfolio Manager – Late Cyclicals
[redacted]	Portfolio Manager – Diversified Industrials
[redacted]	Trader – REITs
[redacted]	Analyst – REITs
[redacted]	Analyst – REITs
[redacted]	Analyst – Late Cyclicals
[redacted]	Co-President (Jefferies)
[redacted]	Investing and Strategic Planning (Jefferies)
[redacted]	Chief Operating Officer (Jefferies)

The interviewees were cooperative in scheduling and participating in the interviews, which included several re-interviews. Lastly, the Examiner's staff attempted to interview five additional investment professionals and staff who did not respond to these requests.

The Examiner thoroughly reviewed all information gathered through interviews and documents for the preparation of this Report. The Scope Order tasked the Examiner with investigating payments made to insiders of the Debtors during the two-year period preceding the Petition Date, including the bonus payments made in February 2024 (the "Disputed Payments"), along with determining whether the Disputed Payments were made in the ordinary course of the Debtors' businesses. As mentioned above, the Examiner based his Investigation on the guidelines provided in the Scope Order, which instructed the Examiner to investigate and report any findings regarding the Disputed Payments. The Examiner did not investigate every matter or potential issue related to the Debtors and their bankruptcy and only focused on matters assigned to him. This Report should not be interpreted to include the Examiner's conclusions on any matters beyond what was prescribed by the Scope Order.

PART TWO: CORPORATE BACKGROUND

I. Company Function and Overview

Weiss Multi-Strategy Advisers LLC ("Weiss") operated as a market-neutral, multi-strategy investment firm, comprised of 22 sector-specific strategies. George Weiss founded Weiss Associates, Inc., a brokerage and trading firm, in 1978 and entered the hedge fund business in 1986.[19] At its peak, Weiss managed approximately $4 billion in assets under management ("AUM"), but at the time of filing, managed $2.3 billion.[20] Weiss was marketed as a safe money manager that would provide consistent returns with low volatility. Weiss promoted its firm culture and longevity to prospective investors, highlighting the ten-year-plus average tenure of its Portfolio Managers.[21]

---

[19] Employee Handbook, at 7.

[20] Weiss Alternative Market Neutral Fund Presentation, at 3; Archer Decl. ¶21, *In re Weiss Multi-Strategy Advisors LLC* (filed Apr. 29, 2024) Case No. 24-bk-10743.

[21] Weiss Alternative Market Neutral Fund Presentation, at 3.

Weiss had offices in Manhattan and Hartford, Connecticut. Investment Professionals were based in the New York office and approximately 40 operations and support staff were based in the Hartford office. Weiss' management operated between the two offices to ensure proper coordination. Investment Professionals were permitted to work remotely.

A. Overview of Firm Management

1. George Weiss – Founder & CEO

George Weiss was the founder, CEO, Treasurer, and Chairman of Weiss.[22] George Weiss's professional reputation, long tenure in the industry, relationships, and capital were central to the firm's longevity and facilitated its strategic partnerships. Approximately ten years ago, George Weiss transferred the day-to-day operations of the firm to Jordi Visser ("Visser"), although George Weiss remained active and retained certain decision-making authority. Through the firm's closure, George Weiss remained Chairman, CEO, and member of the Executive Committee, but reported that he spent the majority of his time on philanthropy. George Weiss was typically the final decision maker over significant hires and discretionary bonus distributions, although he characterized his overall contributions as minimal in recent years.

2. Jordi Visser – CIO

Visser was the Chief Investment Officer ("CIO") and President of Weiss. Visser joined Weiss in August of 2005 as a Portfolio Manager and member of the risk committee. In 2008 he was promoted to CIO. Visser managed the day-to-day operation of the firm and was highly involved in marketing activities, developing the Jefferies relationship (*see infra* § Part Three, III., A.), and working to increase Weiss's AUM.

---

[22] Schedule of Insiders.

3. Mike Edwards– Deputy CIO & Chief Administrative Officer

Mike Edwards ("Edwards") was hired as the Deputy CIO and Chief Administrative Officer in 2019 and was responsible for overseeing portfolios, Portfolio Managers, and hiring.[23] Edwards was also involved in high-level planning, collaborating with marketing, meeting with prospective clients, and setting the macroeconomic strategy. Edwards had a banking background and took a central role in both the Jefferies and [redacted] negotiations (*see infra* § Part Three, III.).

4. Pierce Archer ("Archer") – COO

Archer was the Chief Operating Officer ("COO") at Weiss since December 2019. Archer oversaw the back-office departments, including operations, finance, accounting, tax, and HR.

5. Jeff Dillabough ("Dillabough") – General Counsel

Dillabough was the General Counsel at Weiss. Dillabough provided legal counsel to firm management concerning the bonus awards that are the subject of this Report and helped coordinated major strategic decisions. For example, Dillabough helped negotiate the award of retention bonuses to certain members of the Real Estate Investment Trust ("REITs") strategy, advised management on the timing of the 2024 bonus payments (*see infra* § Part Three, III.), and responded to Jefferies' February 2024 demands (*see infra* § Part Three, III.).

6. Michele Lanzoni ("Lanzoni") – Controller

Lanzoni was the Senior Vice President and Controller at Weiss.[24] Lanzoni managed financial reporting, expense reimbursements, and the back-office distribution of bonuses.[25] Lanzoni calculated the investment professional bonus pool amounts and coordinated the funding

---

[23] Schedule of Insiders.
[24] Schedule of Insiders.
[25] Lanzoni Employment Agreement.

and payment of bonus allocations to the Portfolio Managers. In addition, Lanzoni had a central role in communicating and sharing financial documents with Jefferies.

B. Role and Authority of Committees

Weiss's management relied on thirteen committees to govern important decisions facing the firm.[26] The Executive Committee was the only committee with authority over compensation decisions. From 2020 to 2024, it consisted of George Weiss, Visser, Edwards, Lundy Wright (Portfolio Manager - Interest Rate), Ron Lior (Portfolio Manager - REITs), and Dave Betten (Portfolio Manager - Technology Strategies). It met at least monthly to discuss important firm decisions, such as launching a new product or hiring a new team. Meetings were scheduled more frequently to address ongoing issues and the Executive Committee was treated as a check on individual managers' perspectives.

In 2021, the Executive Committee revised and adopted the Weiss Multi-Strategy Advisers LLC Bonus Plan for Investment Professionals (the "Bonus Plan"). The Bonus Plan replaced an earlier bonus plan and significantly amended the processes for calculation and disbursement of bonuses at Weiss (*see infra* § Part Two, II., B.). The Executive Committee also approved special contractual bonus provisions, although it was not involved in deciding the annual discretionary bonus allotments given to staff and management.

For the purposes of this Report, the Examiner classified the members of firm management and the Executive Committee as falling under either the statutory or non-statutory definitions of insiders.[27]

---

[26] Regulatory Compliance Manual & Code of Ethics, at 135-36.

[27] Weiss also shared a list of insiders with the Examiner that reflects this categorization. *See* Schedule of Insiders.

C. Investment Professionals

Over the last four years, there were between 16 and 22 strategies at Weiss.[28] The most successful and consistent strategies were the REITs, Late Cyclicals, Consumer Services, and Diversified Industrials groups.

The REITs strategy was led by Ron Lior ("Lior"), who had been at Weiss for over 30 years.[29] In 2023, Lior's strategy included two analysts, [redacted] and [redacted], and a trader, [redacted].[30] The REITs strategy was consistently in the top three performing strategies at Weiss and was profitable every year between 2022 and 2024.

The Late Cyclicals strategy was led by [redacted] ("[redacted] was a Weiss analyst from 2004 to 2007 and returned to the firm as a Portfolio Manager in 2014. [redacted] had a reputation as a "portfolio manager factory," since many of the most successful Portfolio Managers at Weiss began as his analysts. In 2023, Late Cyclicals had three analysts: [redacted], [redacted] and [redacted] (who left in October 2023).

Consumer Services was launched in 2023 and was managed and staffed exclusively by [redacted] ("[redacted]

Diversified Industrials was managed by [redacted] ("[redacted] started at Weiss in 2016 and was promoted to Portfolio Manager in 2020. [redacted] was the sole professional on the strategy.

[redacted] ("[redacted] managed the Global Staples strategy, Weiss's most profitable strategy in 2023, generating over [redacted] in income.[31] [redacted] joined Weiss in 2018 and had a team of five investment professionals: [redacted], [redacted] [redacted], [redacted], and [redacted].

---

[28] 2023 FY Bonus by Strategy for 02.09.24 ADP submission.
[29] Lior First Employment Agreement.
[30] 2023 FY Bonus by Strategy for 02.09.24 ADP submission.
[31] 2023 FY Bonus by Strategy for 02.09.24 ADP submission.

D. Support and Back-Office

In 2023, Weiss had 23 employees working in a back-office and support capacity.[32] These roles included administrative support, compliance, accounting, IT, software development, risk management and marketing roles.[33] The salaries and bonuses of back-office employees varied considerably, and depended on an employee's tenure, their contributions, the size of the team the individual managed, and what the individual could receive elsewhere.

II. The Weiss Bonus Structure

Weiss employees all had a provision in their employment agreements providing that they would have an opportunity to receive a bonus, but the nature and criteria for the bonus was dependent on the individual's role at Weiss. Additionally, the Weiss Employee Handbook (the "Handbook") explicitly characterized all bonuses as discretionary, barring any contrary agreement.[34] The Handbook stated in part, "employees may be eligible for an annual discretionary bonus" and further, "except as otherwise explicitly set forth in written contract between the Firm and an employee, no employee at the Firm is entitled to any bonus payment in any amount. The Firm shall determine in its sole discretion whether to award a bonus to any employee…."[35] In practice, Weiss' bonus structure was effectively divided into two broad categories: (i) "Staff and Management Bonuses" and (ii) "Investment Professional Bonuses."

A. Staff and Management Bonuses

Staff and Management Bonuses were awarded to operations, support staff, and management. Weiss' staff and management had provisions within their employment agreements describing their bonuses as discretionary and contingent on remaining employed by the firm

---

[32] 2023 FY Bonus by Strategy for 02.09.24 ADP submission.
[33] *Id.*
[34] Employee Handbook, at 19.
[35] *Id.*

through the bonus payment date.[36] There was no written policy, guidance, or formula addressing the calculation of Staff and Management Bonuses. As a general matter, Staff and Management Bonuses were determined at year-end by George Weiss, Jordi Visser, and Pierce Archer based on the employee's performance and benchmarked against the previous year's bonus payments. Generally, Weiss sought to keep the budget for each department's bonuses consistent year-over-year. Archer would first speak to the managers of each department, who would determine the amount their staff would receive. Next, Archer would report his findings to George Weiss and Visser,[37] who would make the final determinations. Typically, Weiss management deferred to each department's discretion, although Archer, George Weiss, and Visser ultimately approved the bonuses. Generally, Weiss management professed an interest in balancing efforts to keep bonuses low with also maintaining employee satisfaction. This was directly related to employee retention as employees would often wait to receive their bonuses before deciding whether to stay at the firm. While Staff and Management Bonuses were discretionary under the relevant employment agreements, they were awarded consistently and on substantially the same monetary terms during the period from 2021 to 2024 that was investigated during the Examination.

B. Investment Professional Bonuses

The Investment Professional Bonuses were awarded to Portfolio Managers, analysts, and traders. The language within investment professionals' employment agreements varied based on their role. The relevant employment agreement language for the Portfolio Managers' bonus provisions stated that bonuses would be determined pursuant to the current Bonus Plan.[38]

---

36 *See, e.g.*, [redacted] Employment Agreement, at 1-2.

37 [redacted]

38 [redacted] Employment Agreement, at 2.

Alternatively, the traders' and analysts' employment provisions had the same language as the staff's and management's, which described the bonuses as discretionary.[39] However, whereas George Weiss, Visser, and Archer exercised "discretion" for the Staff and Management Bonuses, the Portfolio Manager for the relevant strategy would exercise discretion in distributing bonus amounts to the analysts and traders working on his or her strategy. In practice, this meant that a bonus pool was created for each strategy pursuant to the Bonus Plan, and then the relevant Portfolio Manager would have the discretion to distribute bonuses to the analysts and traders who worked within their strategy. While the analyst and trader bonuses were described as "discretionary" in their employment contracts, they were accounted for on Weiss' books and records as accrued throughout the year for the purposes of tax deferrals.

The calculation of the bonus pool for each strategy was done pursuant to the terms of the Bonus Plan. The Bonus Plan's calculation was uniformly applied to all strategies in the interest of fairness and to maintain the firm's culture.[40]

At the end of each plan year, the Plan Administrator independently calculated each strategy's bonus pool by multiplying the [redacted] by the [redacted] and subtracting any additional [redacted]" The [redacted] were determined by taking [redacted] and subtracting the [redacted]

[39] Limited instances were identified during the examination where a Portfolio Manager's employment agreement retained the analyst bonus language because they joined the firm as an analyst and never signed an updated employment agreement after being promoted to a Portfolio Manager.

[40] Very few employees at Weiss had special contractual provisions altering their bonus allotments, although when special provisions were present, they were pre-negotiated and placed in the individual's employment agreement; Weiss Multi-Strategy Advisers LLC, Bonus Plan for Investment Professionals (2023), at 5.

[redacted].[41] The [redacted] was a [redacted]. It began at [redacted]. While the Bonus Plan did not have [redacted].[42] [redacted] were typically all other [redacted].[43] In sum, the bonus pool of each strategy was approximately [redacted]. If a strategy did not accumulate any gains, there would be no bonus pool established and the Portfolio Managers and the investment professionals for that strategy would not receive a bonus.[44]

Once the Plan Administrator calculated the strategy's bonus pool, the Portfolio Manager would be notified and directed to allot the bonus pool to members of his or her strategy. Portfolio Managers had discretion in allocating their strategies' bonuses; some Portfolio Managers split the amount evenly across the investment professionals within their strategy, others had individual informal agreements with specific investment professionals.

The Investment Professional Bonuses were paid in three installments over the two years following the fund's plan year.[45] The Bonus Plan had a payment schedule with different disbursement timetables based on the payout amounts.[46] The first payment was to be made in the

---

41 Weiss Multi-Strategy Advisers LLC, Bonus Plan for Investment Professionals (2023), at 4.
42 *Id.* at 15, 18.
43 *Id.* at 15.
44 Although not relevant to the transfers at issue in the examination, the Bonus Plan also provided investment professionals an opportunity to receive equity bonus payouts. Weiss Multi-Strategy Advisers LLC, Bonus Plan for Investment Professionals (2023).
45 Weiss Multi-Strategy Advisers LLC, Bonus Plan for Investment Professionals (2023), at 7.
46 *Id.*

February following the plan year.[47] The second payment to be made in November of that same year, and the final payment was to be made the following November (two years after the plan year).[48]

Cash Bonus	February immediately following Plan Year	First November immediately following Plan Year	Second November following Plan Year
First [redacted]	[redacted]	[redacted]	[redacted]
Next [redacted]	[redacted]	[redacted]	[redacted]
Next [redacted]	[redacted]	[redacted]	[redacted]
Next [redacted]	[redacted]	[redacted]	[redacted]
Any amounts in excess of the foregoing	[redacted]	[redacted]	[redacted]

The second and third payments were subject to deferral if the strategy was not profitable in the subsequent years.[49] Weiss would retain the bonus until the strategy in a future year achieved a cumulative gain.[50]

Weiss management adopted a three-payment bonus structure for strategic reasons. *First*, the delayed payments helped with cash retention when strategies performed inconsistently. Between [redacted] of the earned bonus pool amounts were exposed to a potential deferral.[51] If a strategy had a successful year, but failed to produce in subsequent years, the second and third bonus payments were retained by the firm until performance improved.[52] *Second*, the three payment dates helped reduce netting risk. In years where some strategies had large profits, while others had large losses, the loss Weiss would need to fill would be reduced, as payments were

---

47 *Id.*
48 *Id.*
49 *Id.*
50 *Id.* at 10-11.
51 Weiss Multi-Strategy Advisers LLC, Bonus Plan for Investment Professionals (2023), at 7.
52 *Id.* at 10-11.

spread out. Instead, by spreading the bonus payments across 23 months, Weiss flattened its cash flow, allowing time for cash to reaccumulate through the payment of quarterly management fees. Spreading out payments helped alleviate cash flow risk. *Finally*, the extended payment timeline lessened attrition. Investment professionals were incentivized to stay in order to receive all of their earned bonus amounts.

When the Weiss operating account could not cover bonus costs—a result of netting risk—the firm's capital account would pay the difference.[53] In these unprofitable years, money would be transferred from OGI (the partner's capital trading vehicle) into GWA (the partnership account), then sent to WMSA (the firm's operating account) and finally submitted to payroll.[54]

C. Historic Bonus Payment Dates

In 2021, Weiss updated its bonus plan which altered the payment structure. Weiss divided investment professionals' bonuses into three tranches and aligned the pay date of Staff and Management Bonuses with the first tranche of Investment Professional Bonuses. The historic pay dates were:[55]

Fiscal Year	Staff	Management
2016	12/29/2016	2/17/2017
2017	12/28/2017	2/16/2018
2018	12/27/2018	2/19/2019
2019	12/27/2019	2/21/2020
2020	12/29/2020	2/12/2021
2021	2/24/2022	2/24/2022
2022	2/24/2023	2/24/2023
2023	2/12/2024	2/12/2024

[53] 2024-10-04 S. Sweeney to K. Rosenkilde Weiss follow up [capital account + plane].
[54] *See* Entity Structure; 2024-10-04 S. Sweeney to K. Rosenkilde Weiss follow up [capital account + plane].
[55] Bonus pay dates 2016-2024.

PART THREE: THE 2024 BONUS PAYMENTS

I. Overview of the February 2024 Bonus Payments

In February 2024, Weiss distributed $28,179,283 in bonus and compensation payments to its employees (the "February 2024 Bonus Payments"). [56] The February 2024 Bonus Payments were comprised of: (i) Staff and Management Bonuses, representing $6,725,750; (ii) Investment Professional Bonuses of $19,725,307.15; (iii) "Other Bonuses" amounting to $1,615,725.58; and (iv) $112,500 as "tips."[57]

The Staff and Management Bonuses were discretionary bonuses determined by Weiss management. The Investment Professional Bonuses were formulaically calculated based on a strategy's profits and losses ("P&L") for the 2023 fiscal year. "Other Bonuses" were paid to staff, management, or investment professionals but were distinct from the Bonus Plan and included, deferred bonuses that had become payable, separate contractual guarantees resulting from employees' signing bonuses, and bonus amounts derived from Weiss' products outside the multi-strategy.[58] "Tips" were not technically a separate bonus award. Rather, they were amounts earned and due under the Bonus Plans that were directed by Portfolio Managers to administrative and operations staff they felt should be rewarded for their performance. A chart of the bonuses and compensation received by each employee is included as Exhibit "Weiss Compensation and Bonus History 2021-2024".

With specific reference to the Investment Professionals' Bonuses that made up the lion share of the 2024 Bonus Payments, six of the 22 strategies made a profit in 2023 and 19 of the 54

---

[56] Exhibit – Weiss Compensation and Bonus History 2021-2024.
[57] *Id.*
[58] GWA LLC offered a variety of products with some falling outside the purview of the Bonus Plan. As a result, these investment professionals were paid under a different calculation.

investment professionals were paid bonuses in 2024.[59] The profitable strategies were: REITs, Late Cyclicals, Global Staples, Diversified Industrials, Consumer Services, and Tactical Situations.[60] Once the bonus pool for each of these strategies was calculated, it was distributed as follows:

- Lior, Portfolio Manager of the REITs strategy, maintained discretion in distributing the REITs bonus pool. At the beginning of the year, Lior would inform the group what their percentage payouts would be. For 2023, Lior allotted $[redacted] to himself, $[redacted] to [redacted] $[redacted] to [redacted] and $[redacted] to [redacted] [redacted] had just joined the REITs group in March 2023, so received a smaller distribution than the rest of the strategy but was also given a $[redacted] guarantee.[61]

- The Late Cyclicals strategy was run by [redacted].[62] Analysts on Late Cyclicals had "sub-portfolios" and bonus pool distributions were dictated by discrete agreements primarily influenced by an investing professional's individual performance. [redacted] was paid $[redacted] [redacted], $[redacted] and [redacted] $[redacted] [redacted], as senior analyst, made more than [redacted] the Portfolio Manager, because his sub-portfolio was highly profitable, while the entire Late Cyclicals strategy had a smaller percentage gain due to [redacted] and [redacted] performance. [redacted] was fired in October 2023 so he was not given any bonus distributions.

- [redacted] the Portfolio Manager of Global Staples, retained 70% of the bonus pool for himself, [redacted] and distributed the remainder to the five individuals on his strategy in amounts of $[redacted] $[redacted] $[redacted] $[redacted] and $[redacted]

- Diversified Industrials was solely operated by [redacted] and Consumer Services was solely operated by [redacted] they retained the entirety of their bonus pool amounts of $[redacted] and $[redacted] respectively.[65]

- Tactical Situations was run by [redacted] ([redacted] who had four other members on his strategy.[66] [redacted] had a unique bonus structure stemming from negotiations at the time of his hiring. [redacted] was guaranteed [redacted] in yearly compensation in 2024, and Weiss would pay the difference if his strategy's gains did not cover the cost.[67] In 2022, management attempted to hire [redacted] from

---

59 Exhibit – Weiss Compensation and Bonus History 2021-2024.
60 2023 FY Bonus by Strategy for 02.09.24 ADP submission.
61 2023 FY Bonus by Strategy for 02.09.24 ADP submission.
62 2023 FY Bonus by Strategy for 02.09.24 ADP submission.
63 2023 FY Bonus by Strategy for 02.09.24 ADP submission.
64 2023 FY Bonus by Strategy for 02.09.24 ADP submission.
65 *Id.*
66 *Id.*
67 [redacted] Employment Agreement, at 2.

> [redacted], where [redacted] had a guaranteed bonus. In negotiations to have [redacted] join Weiss, and through approval by the Executive Committee, [redacted] special bonus structure was implemented. In 2023, Tactical Situations did not cover the $[redacted] amount, so [redacted] received an $[redacted] bonus, classified as an "other bonus."[68] Osier's bonus was calculated by taking his $[redacted] guarantee and subtracting his base pay ($[redacted] his 2023 signing bonus ($[redacted] and Tactical Situations' bonus pool ($[redacted] which came out to $[redacted] Osier then elected to allocate $[redacted] of his guarantee to his team's bonus pool, leaving him with the $[redacted] amount.[69]

The final two investment professionals receiving a bonus were [redacted] ("[redacted] and [redacted] ("[redacted].[70] [redacted] and [redacted] were Quantitative Analysts under [redacted] ("[redacted] the Portfolio Manager for the Weiss Enhanced Global Macro fund ("WEGM"), a fund that was separate from Weiss Multi-Strategy LLC and outside the Bonus Plan.[71] WEGM had a separate bonus pool based on a different percentage of management, incentive, and R&D fees, subtracted by certain expenses.[72] Similar to the Bonus Plan, the Portfolio Manager of WEGM, [redacted] had discretion on how to allocate the fund's bonus pool.[73] [redacted] and [redacted] both received a bonus of $[redacted]

Weiss estimated its February 2024 bonuses in December 2023 for tax purposes, and in the weeks leading to payment of the bonuses, finalized spreadsheets with the values for payment. In January 2024, Lanzoni and her staff provided the Weiss Portfolio Managers' estimated bonus pool calculations through December 2023.[75] The calculations set forth each strategy's P&L and the data including above-the-line and below-the-line expenses from which each bonus pool was calculated in accordance with the Bonus Plan (*see supra* § Part Two, II., B.).[76] After the bonus pool

---

68 *Id.*; 2023 FY Bonus by Strategy for 02.09.24 ADP submission.
69 2023 FY Bonus by Strategy for 02.09.24 ADP submission.
70 Exhibit – Weiss Compensation and Bonus History 2021-2024.
71 Org Chart - Investment Prof; Confidential Private Offering Memo WEGM.
72 2024-11-06 M. Lanzoni to A. Guttentag - RE: Follow up question regarding EG MOU.
73 *Id.*
74 Exhibit – Weiss Compensation and Bonus History 2021-2024.
75 *See, e.g.*, 2024-01-12 [redacted] to [redacted] – Estimated bonus pool thru 12-31-2023 – Infrastructure.
76 *See id.*

calculations were finalized, a schedule of payments with proposed bonus amounts was created. In accordance with the Bonus Plan, the February 2024 Bonuses represented the first tranche of the investment professionals' bonus awards stemming from fiscal year 2023.[77] In late January, Edwards and Archer reviewed a schedule/table of payments over time.

II. REITs Retention Bonuses

As investor interest in multi-strategy hedge funds grew over the past five years, firms have aggressively pursued talented Portfolio Managers.[78] As a result, certain Weiss investment professionals began receiving competing offers higher than they had received in years past. This was particularly true of the REITs group, whose continued employment at Weiss was critical to the [redacted] Transaction (the "[redacted] Transaction").

In the summer of 2023, Lior, who was a member of the Executive Committee, contacted Visser to request additional pay for the REITs strategy in light of the competitive talent market for high performing Portfolio Managers. Over the ensuing months, Lior negotiated with Edwards and Dillabough for a retention bonus for himself and two REITs members. In December 2023, they reached an agreement: $1 million bonuses for Lior, [redacted] and [redacted] to be paid in full in January 2024.[79] This was the first time Weiss had ever paid a retention bonus.

---

[77] By way of example, for 2023, Late Cyclicals Portfolio Manager [redacted] earned a bonus of $[redacted] The Bonus Chart reflects $[redacted] which is the first tranche payment, in February 2024. 2023 FY Bonus by Strategy for 02.09.24 ADP submission; Exhibit – Weiss Compensation and Bonus History 2021-2024.

[78] Jack Springate et al, Industrializing Alpha: A Look At Multi-Manager Hedge Funds and Modern Allocation Strategies, Goldman Sachs (Apr. 10, 2024); Nishant Kumar, Hedge Funds at War for Top Traders Dangle $120 Million Payouts, Bloomberg (June 1, 2023), *available at* https://www.bloomberg.com/news/articles/2023-06-01/top-traders-see-120-million-paydays-as-hedge-funds-fight-for-talent.

[79] Lior Amended Employment Agreement, at 2; [redacted] Amended Employment Agreement, at 2; [redacted] Amended Employment Agreement, at 2.

A. Amended Employment Agreements

On December 14 and 15, 2023, Lior, [redacted] and [redacted] signed new employment agreements (the "Amended Employment Agreements") which provided for the award of the REITs Retention Bonuses. The retention provision within the Amended Employment Agreement required Lior, [redacted] and [redacted] to stay with the firm through 2027, barring "Good Reason."[80] One of the listed examples for Good Reason is if, "after September 30, 2024, the Company cannot reasonably be expected to operate in a financially sustainable fashion for the reasonable future or will operate under a different management structure that has been objected by you in a signed writing."[81]

III. Events Surrounding the Payment of the 2024 Bonus Payments

The 2024 Bonus Payments were made during a contentious period in the Weiss-Jefferies relationship and resulted in a series of disputes between Weiss and the Jefferies Parties. This section of the Report provides relevant background on the Weiss-Jefferies relationship, Weiss' efforts to find a new strategic partner, and the events leading to and surrounding the 2024 Bonus Payments.

A. The Jefferies Relationship

Weiss' business relationship with Jefferies was born from George Weiss' friendship with Jefferies' [redacted] and Weiss' desire to increase the firm's market exposure and assets under management.[82] In accordance with the May 1, 2018 Strategic Relationship Agreement between GWA, LLC and LAM Holding LLC (the "SRA"), Jefferies received a profit share and

---

80 Lior Amended Employment Agreement, at 2; [redacted] Amended Employment Agreement, at 2; [redacted] Amended Employment Agreement, at 2.

81 Lior Amended Employment Agreement, at 4, [redacted] Amended Employment Agreement, at 4; [redacted] Amended Employment Agreement, at 4.

82 Lior Amended Employment Agreement, at 4, [redacted] Amended Employment Agreement, at 4; [redacted] Amended Employment Agreement, at 4.

revenue sharing interest from GWA.[83] On the same date, Weiss Multi-Strategy Advisers LLC ("WMSA") entered an Investment Management Agreement with Leucadia Funding LLC ("Leucadia") to manage an investment account with $250 million of Leucadia's funds.[84] LAM Holding LLC assigned its rights under the SRA to Jefferies Asset Management Holding LLC.[85] The SRA represented an opportunity for Jefferies to partner with an established hedge fund, and an opportunity for Weiss to scale its business and increase its marketing exposure.

In accordance with the SRA, Weiss was obligated to furnish to Jefferies, among other documents, (i) an audited consolidated balance sheet, statements of income, stockholders' equity and cash flows following the end of each fiscal year; and (ii) an unaudited balance sheet, statements of income, stockholders' equity, and cash flows following each quarter.[86] This information was necessary for Jefferies, a public company, to report on its finances. The SRA also set guardrails on George Weiss' compensation, which was motivated by Jefferies' concerns around the ability to get capital out of its investment in Weiss.

In the years following the SRA, Weiss became substantially indebted to Jefferies. The February 12, 2024 Forbearance Agreement (*see infra* § Part Three, II., F.) reflects "Past Due Obligations" to Jefferies in excess of $54 million.[87] A listing of the largest creditors attached to the First Day Declaration of Archer includes claims in excess of $95 million owed to the Jefferies parties.[88]

---

83 2018-05-01 Strategic Relationship Agreement, at 1-2.
84 *Id*. (Whereas Clause states this will happen concurrently).
85 2018-10-18 Assignment and Assumption Agreement.
86 2018-05-01 Strategic Relationship Agreement, at 3-4.
87 *See* 2024-02-12 Forbearance Agreement § 1.
88 Declaration of Pierce Archer, Senior Vice President and Chief Operating Officer of the Debtors Pursuant to Local Bankruptcy Rule 1007-2 in Support of Chapter 11 Petitions, ECF 6 at 46.

B. Bonus Payments Information Exchange

In the lead up to the 2024 Bonus Payments, Weiss notified the Jefferies Parties on numerous occasions of its intention to make annual bonus payments in February of 2024, including the provision of various financial records from which Weiss' bonuses were calculated and which demonstrated bonus accruals. During all relevant times, Weiss complied with its reporting obligations under the SRA, a fact that Jefferies representatives recognized in their discussions with the Examiner's professionals.

First, Jefferies received periodic, often monthly, financial reports from Weiss that reflected the bonus accruals and enabled Jefferies to see how Weiss was performing. For example, the January 31, 2024 unaudited financial reports sent by Lanzoni to Jefferies included a consolidated statement of financial condition dated January 31, 2023 which reflected, under current liabilities, a $34,225,043 entry for compensation payable.[89] Compensation payable represents the accrued bonuses for fiscal year 2023, in addition to certain benefits and taxes. Communications between Weiss and Jefferies show that their accounting groups were in regular contact concerning the financial documents.[90]

Second, among the financial documents that Weiss sent Jefferies were charts reflecting allotments for the bonus payments, by category of payment type. In communications between Edwards and representatives of the Jefferies Parties on December 27-28, 2023, and in response to questions from the Jefferies Parties concerning the breakdown of Weiss' finances, balance sheets

---

[89] Exhibit C - M. Lanzoni Monthly Financial Exchange, Declaration of Jeffrey Dillabough, ECF 40-3 at 3.

[90] *See, e.g.,* 2024-01-04 M. Lanzoni to D. Butler RE: December 31, 2023 Note Balance ("Weiss's Fund Accounting dept has been working with [redacted] and [redacted] in the Jefferies Fund accounting group to reconcile the NAV and ROR in order to ensure that both Weiss and Jefferies agree on these numbers.").

and liabilities, Edwards provided a chart reflecting both the $3 million in retention bonuses, which were payable on January 26, 2024,[91] and Weiss' Other Bonuses (**Fig. 1** below).[92]

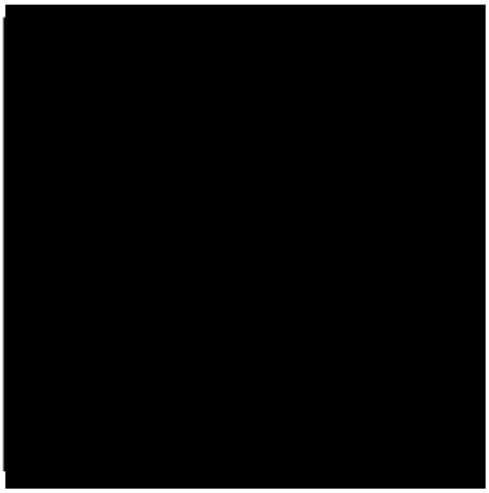

Fig. 1

Third, in 2023, Jefferies actively participated in evaluating Weiss' performance through financial models that provided for Weiss' payment of bonuses for fiscal year 2023, including bonuses for investment professionals, management bonuses, deferred compensation, and guarantees.[93] These were the bonuses paid in February 2024. On August 28, 2023, Edwards and representatives of Jefferies met remotely and discussed Edwards' financial model, which was attached to their correspondence (**Fig. 2** below).[94]

---

91 2024-01-22 [redacted] to M. Lanzoni Retention.
92 2023-12-28 M. Edwards to [redacted] RE: Guests.
93 2023-08-23 M. Edwards to [redacted] RE: Projection Update.
94 *Id.*

[redacted]

[redacted]

Fig. 2

The model discussed by Edwards and the Jefferies Parties' representatives provided for $32 million in estimated "Strategy Payouts," which were the contractual Investment Professional Bonuses. Of the Strategy Payouts, under the model, $18 million would be paid in February 2024 (1Q 2024), and the remaining funds were deferred under Weiss' three-tranche bonus payment structure, with a second payment scheduled for November 2024, and a third scheduled for November 2025. The model also estimated that in February 2024 there would be $7 million in "Mgmt / Staff Bonuses" and $5 million in deferred or guaranteed payments. While Jefferies' representatives and Edwards discussed the assumptions of the model, including whether the base financials provided for repayment of $5 million or $2.5 million to Jefferies, Jefferies' representative did not dispute or contest the repayment of bonuses—in February 2024—that was built into the model.

Fourth, in the second half of 2023, Jefferies sought a $5 million payment from Weiss under the SRA. Edwards' analysis showed that Weiss could not afford to pay $5 million because of its

bonus payment obligation, so Weiss negotiated with Jefferies to provide a significantly lower payment to ensure it could meet its bonus obligations. On November 28, 2023, Weiss wired $2 million to Jefferies as payment toward the debt, with $1 million applied toward the principal of the first note under the Note Purchase Agreement dated December 3, 2019 (the "Note Purchase Agreement"), and $1 million paid toward the revenue sharing principal amount under the SRA.[95]

The intention to make the 2024 Bonus Payments in February as reflected in the financial disclosures and discussions was also reiterated in discussions between Weiss management and the Jefferies Parties. For example, there was an early December 2023 meeting between Dillabough, George Weiss, and representatives of the Jefferies Parties focused on the status of the business relationship between Jefferies and Weiss.[96] Representatives of Weiss recalled that they stated in substance that once bonuses were paid in February there would not be much left for Jefferies, and the parties discussed alternative approaches to getting value to Jefferies from the firm.

In sum, heading into February 2024, Jefferies had been informed of Weiss' intention to make the 2024 Bonus Payments as well as the approximate amount of the intended bonus payments.

C. "Project Washington"

In the years following the commencement of the SRA with Jefferies, Weiss management consistently felt that they needed additional investment capital to succeed as a firm under their then existing business model, beyond what was made available by Jefferies. This was described in various interviews as "excess capacity, but insufficient capital." As an example, The REITs group felt that the lack of available capital at Weiss was a constraint to its growth, and inhibited

---

[95] 2023-11-15 P. Archer to [redacted] November 28 – payment.

[96] *See* 2023-12-04 [redacted] to G. Weiss Thanks for lunch.

investment in certain sectors such as [redacted]. Facing increasing difficulties and debts arising from the Jefferies relationship, in the second half of 2023, Weiss began looking for alternative parties to partner with to infuse capital into the firm in order to right the business and correct the capital/capacity imbalance.

These efforts eventually led to discussions and negotiations with [redacted] LLC ("[redacted] from approximately November 2023 to February 2024 that proceeded under the moniker "Project Washington" (the "[redacted] Transaction"). If consummated, Project Washington would have resulted in the infusion of additional investment capital into Weiss, the termination of certain Weiss employees, the closure of certain underperforming portfolios, increased compensation calculations to certain retained investment professionals, limitations on the solicitation of new clients, and the payment of certain liabilities to the Jefferies Parties.[97] Additionally, retained Weiss management would have maintained day-to-day control of the firm.[98]

A central aspect of the Project Washington discussions was the retention of certain key employees, including certain well-performing Portfolio Managers, which Weiss understood to be of particular importance to [redacted] based on their negotiations. The development and progress of Project Washington was reflected in various formal and informal term sheets and emails throughout February 2024.[99]

In light of the obligations owed by Weiss to the Jefferies Parties under the SRA, Weiss endeavored to keep Jefferies appraised of the developments in the Project Washington negotiations throughout their discussions with [redacted] For example, on or around December 4, 2023, as negotiations with [redacted] were ongoing, George Weiss had lunch with [redacted] of

---

97 2024-02-05 Proposed Summary of Terms.
98 *Id.*
99 2024-02-05 Proposed Summary of Terms.

Jefferies and informed him of the prospective business relationship.[100] Following this meeting, certain management of Weiss, including Edwards and Visser, and representatives of the Jefferies Parties engaged in discussions and communications regarding the proposed strategy for the negotiations with [redacted] and to discuss the progress of the negotiations.[101]

D. The Draft Forbearance Agreement

Starting in January and early February 2024, the decision to pay the 2024 bonuses that were scheduled for February 2024 began to intersect with the ongoing [redacted] discussions. During this period, Jefferies expressed concerns to Weiss that the [redacted] Transaction would amount to handing control of the company to another firm, which could strip Jefferies of the economics of the company. Moreover, Jefferies felt that the communications with [redacted] were not moving at an adequate pace and thought that the negotiations should have been resolved prior to February.

On February 1, 2024, Jefferies sent to Weiss a draft forbearance agreement (the "Draft Forbearance Agreement") under which Jefferies would forbear from commencing any enforcement action arising from Weiss' past due obligations.[102] In exchange, Weiss would, among other restrictions, be prohibited from "pay[ing], grant[ing] or transfer[ring] (directly or indirectly) any bonus compensation or other compensation or other payment in excess of base salaries to any of their employees . . . without the prior written consent of the Jefferies Parties[.]"[103] In addition, under the Draft Forbearance Agreement, Jefferies would not pay Weiss the amount it owed in IMA fees, approximately $2.6 million.[104]

---

100 *See* 2023-12-04 [redacted] to G. Weiss Thanks for Lunch.
101 2023-12-22 M. Edwards to [redacted] RE: reconnect re: table-setting.
102 2024-02-01 Draft Forbearance Agreement. There had previously been executed forbearance agreements on January 1, 2022, September 1, 2022 and July 25, 2023.
103 *Id.* at § 2(b).
104 *Id.* at § 5; 2024-02-02 J. Dillabough to M. Edwards re Weiss Investment Teams Bonus Fee.

The Draft Forbearance Agreement laid bare a difference in opinion between Weiss and the Jefferies Parties as to the best method to ensure that key employees remained with Weiss through the conclusion of the potential [redacted] Transaction. In Jefferies' view, the provision of the Draft Forbearance Agreement related to employee bonuses was a necessary retention tool during the then-ongoing [redacted] negotiations: withholding the bonuses until the deal was finalized would ensure the investment professionals' employment; otherwise, there would be no financial incentive for them to stay at Weiss after they were paid.

Weiss management was of the opposite opinion as to the effect of withholding the bonus payment. At all times, Weiss planned to pay bonuses in February 2024 and never considered withholding bonuses in 2024. Paying the bonuses was viewed as necessary to fulfill Weiss' contractual obligations to its employees, and not paying the bonuses would cause the employees to leave, ending any chance of a deal with [redacted] This belief was confirmed during the Examiner's interviews of former investment professionals who confirmed that they would have left Weiss if they had not received their expected bonus.

Weiss did not immediately execute the Draft Forbearance Agreement and viewed it at the time as a nonstarter. Specifically, in addition to concerns over employee retention, Weiss believed that it could not agree to its terms because under relevant investment agreements with its clients, Weiss would have to notify them if it ceded its control of its finances which could lead to an escalating series of capital withdrawals. Moreover, Weiss was concerned that the Draft Forbearance Agreement would jeopardize the [redacted] Transaction, because the crux of that transaction was to ensure that key Portfolio Managers were retained.

E. Weiss's Decision to pay the 2024 Bonus Payments

While Weiss did not immediately sign the Draft Forbearance Agreement, it did have the effect of expediting the timeline for the payment of the 2024 Bonuses. Specifically, Weiss became

concerned that Jefferies may seek to take legal action to, among other things, block the payment of the 2024 Bonus Payments. While Weiss internally believed that this legal action would be meritless, they were concerned that the practical effect of such actions by Jefferies would delay the payment of bonuses, which would result in key employees leaving the firm and have the effect of spiking the [redacted] negotiations that were ongoing.

The February 2024 Bonus Payments were originally scheduled to have been paid on February 23. However, following the receipt of the Draft Forbearance Agreement, Weiss' management began to explore the technical feasibility of paying the February 2024 Bonus Payments on an earlier date. As Weiss preferred to pay bonuses in the weeks between the bi-weekly pay cycle for normal compensation for accounting purposes, it was determined that bonuses could be approved in the week ending on February 8, 2024.

On February 7 or 8, Dillabough met individually first with George Weiss and then with Visser to discuss the payment of the 2024 bonuses. The conversation between Weiss' management regarding the 2024 Bonus Payments was informed by advice that it had received from its outside counsel, Seward & Kissel LLP, ("Seward & Kissel"). As early as December 2023, Weiss had sought non-adversarial advice[105] as to whether Weiss had authority to make the 2024 Bonus Payments and whether there would be any avoidance risk if it made the payment. In early February 2024, after Weiss received the Draft Forbearance Agreement, Weiss again consulted with Seward & Kissel on these issues and was informed that the advice had not changed. Weiss management, specifically George Weiss and Visser, approved the 2024 Bonus Payments to begin on February 8 (and be paid out on February 12) based on: (i) Seward & Kissel's legal advice; (ii) Weiss' belief

[105] By Sunday, February 11, 2024, Weiss' discussions with Jefferies became adversarial / litigation-related and Weiss was required to seek advice from different outside legal counsel.

that the 2024 Bonus Payments were necessary to retain key employees; (iii) Weiss' belief that retaining key employees was necessary to ensure the viability of the [redacted] transaction; and (iv) Weiss' belief that the [redacted] Transaction was in the best interest of Weiss' clients and creditors.

Weiss management uniformly stated that at the time the bonuses were approved they believed that Weiss was viable and that its business operations would continue well into the future. In support of this position, they noted that the [redacted] negotiations were (as of February 12) in full swing, seeming to provide for the future viability of the firm. Weiss staff, including Edwards and [redacted], were scheduled to meet in Hawaii in March 2024 with the [redacted] an existing client which was interested in increasing its investment.[106] Additionally, certain Portfolio Managers were engaging in the retention of new investment analysts, demonstrating the forward growth focus of the firm.

F. Notification to Jefferies of Bonus Payments

On Sunday, February 11, Visser informed Jefferies of the 2024 Bonus Payments during a call regarding the status of the negotiations with [redacted] Representatives of Jefferies expressed displeasure with the bonus payments and accused Weiss of having misled Jefferies as to the 2024 Bonus Payments.

Weiss and Jefferies vehemently dispute whether Weiss or its representatives made any representation or assurance that bonuses would not be paid until the end of February 2024. The Examiner's review of relevant documents produced by both Weiss and Jefferies did not reveal any written or documented assurance that the 2024 Bonus Payments would not be made.

---

[106] 2024-01-31 [redacted] to [redacted] Re: Hawaii Trip.

According to representatives of Jefferies, Edwards stated by phone on several instances that bonuses would be paid in late February, and the result of those and additional communications with George Weiss, Visser and Archer was Jefferies' understanding that bonuses would be paid after February 15. Jefferies representatives stated that had they known bonuses would be paid earlier, they would have obtained an injunction to prevent the bonus payment. Jefferies acknowledges that Weiss did not need to provide notice to Jefferies, nor obtain Jefferies' consent to make the payments. Several of Jefferies' communications that were sent after learning that the bonuses had been paid reference that the payments were made contrary to Weiss' assurances, but these communications do not include specifics as to the underlying purported assurances that were made prior to the 2024 Bonus Payments.[107]

In contrast, it is Weiss' position that they never provided any written or oral assurances regarding the 2024 Bonuses, including that they would not be paid before a specific date. Additionally, they viewed the emails from Jefferies as post-hoc attempts to create a record for potential future litigation.

Jefferies' understanding is grounded in part in communications with Jeffrey Dillabough. On February 8, 2024, a Jefferies representative wrote to Edwards and Dillabough, copying [redacted] and George Weiss, asking whether Weiss had undertaken any fraudulent conveyances or made any bonus or other payments; asking that Weiss finalize the forbearance agreement; stating that the [redacted] discussions were not moving at an acceptable pace; and threatening that Jefferies would file for a TRO on Monday, February 12.[108] Dillabough responded "I can assure you that we are operating the business in the normal course. As we have all agreed, it is in all of

---

[107] 2024-02-11 [redacted] to G. Weiss RE: Sad.
[108] 2024-02-11 J. Dillabough to. M. Edwards RE: Follow up.

our interests not to disrupt the teams in order to preserve the value of the organization."[109] It is Jefferies' view that the bonuses that were paid were not in the "normal course," as set forth in Dillabough's email, because the payments were made early, while Weiss is of the position that the bonus payments were made in the "normal course" since they were paid in February consistent with the Bonus Plan and general past practice This issue is discussed in greater detail in section Part Six, I., E., 2.

Following Visser's February 11 call with representatives of Jefferies, there were numerous communications in which Jefferies' leadership expressed their anger that Weiss paid its bonuses, threatened to file a lawsuit, accused Weiss of securities fraud and pressed Weiss to sign a forbearance agreement.[110] In response, Weiss agreed to execute a revised forbearance agreement. Weiss met with Jefferies and its counsel from Herbert Smith Freehills LLP on Sunday evening, and after 2:00 am, Jefferies sent Weiss an updated forbearance agreement, which they asked to be executed by 7:00 am.[111] Weiss then revised the forbearance agreement (the "Signed Forbearance Agreement") and returned it to Jefferies after 4:00 am.[112] In the Signed Forbearance Agreement, Dillabough, on behalf of Weiss, removed language indicating that Weiss made statements that bonuses would not be made until the second half of February 2024.[113]

---

109 *Id.*
110 2024-02-11 M. Edwards to [redacted] Re: Shocked; 2024-02-11 [redacted] to G. Weiss Sad.
111 2024-02-12 J. Dillabough to [redacted] RE: Call.
112 *Id.*
113 2024-02-12 Draft Forbearance Agreement, Revised by Dillabough.

> WHEREAS, representatives of the Jefferies Parties and the Weiss Parties have been in ongoing discussions since December 2023 regarding the terms under which the Jefferies Parties may be willing to forebear from exercising their remedies in connection with the Enforcement Actions ~~and in connection therewith representatives of the Weiss Parties made statements to the representatives of the Jefferies Parties that certain bonus payments would not be made until the second half of February 2024~~;
>
> WHEREAS, the Jefferies Parties delivered to the Weiss Parties on February 1, 2024 a draft Forbearance Agreement that was conditioned upon such bonus payment not being paid and such bonus payments were made by the Weiss Parties on February 8, 2024 ~~in contravention of the statements made by the Weiss Parties~~; and

Dillabough noted that these changes were made "because we do not agree with the characterization of the facts."[114]

Under the Signed Forbearance Agreement, Weiss acknowledged past due obligations of approximately $54.5 million to Jefferies;[115] agreed to provide Jefferies with a security interest in Weiss' property;[116] agreed to promptly deliver to Jefferies financial records, including records of the 2024 Bonus Payments; and agreed to take no actions to diminish the value of Weiss or make any transfers in any day in excess of $10,000, excluding normal course trading payments.[117] In accordance with the Signed Forbearance Agreement, beginning at 1:37am on February 12, Weiss began producing the requested documents.[118]

G. Closing/Liquidation

Ultimately, Project Washington was not successful, and negotiations ceased around February 27 or February 28. Weiss retained bankruptcy counsel and the liquidation of positions commenced on February 28.[119] On the Petition Date, April 29, 2024, Weiss Multi-Strategy

---

114 2024-02-12 J. Dillabough to [redacted] RE: Call.

115 ("Each party agrees that pursuant to the terms of the Note Purchase Agreements, the Notes and the Redemption Notice, GWA is past due with respect to the following payment obligations to JSI (each calculated as of January 15, 2024): (i) $23,650,410.10 on the Note dated December 3, 2019, (ii) $27,457,310.08 on the Note dated January 13, 2020 and (iii) $3,420,395.60 on the Note dated September 21, 2022 (collectively, the "Past Due Obligations").")

116 2024-02-12 Forbearance Agreement, at § 4(a).

117 *Id.* at § 2(a)(i), 2(c).

118 2024-02-12 J. Visser to [redacted] FW: Info request EMAIL 1 of 7.

119 [redacted]

Advisers LLC and its affiliates filed for Chapter 11 bankruptcy in the Bankruptcy Court. On June 19, 2024, WMSF filed a voluntary petition for Chapter 11 relief.

PART FOUR: THE BONUS PAYMENTS WERE CONSISTENT WITH CONTRACTUAL OBLIGATIONS AND INDUSTRY STANDARDS

I. The 2024 Bonus Payments Were Consistent with Weiss Contractual Obligations

All of the 2024 Bonus Payments were made in a manner consistent with the contractual provisions contained within the applicable employee contracts, the Handbook, and the Bonus Plan.

The investment professionals who received bonuses and compensation payments had employment agreements with Weiss providing that they would be paid bonuses based on their strategy's performance. Specifically, the Portfolio Managers' employment agreements, stated [redacted]"[120] As part of the Investigation, the Examiner's professionals reviewed the data and workbooks used by the Debtors to calculate the 2024 Investment Professionals' Bonuses and confirmed that they were calculated in a manner consistent with the policy as detailed above.

Staff, management, and non-Portfolio Manager investment professionals all have similar language in their employment agreements. The bonus provision in these contracts states, [redacted]."[121] Accordingly,

---

[120] *See, e.g.*, [redacted] Employment Agreement, at 2.
[121] *See, e.g.*, [redacted] Employment Agreement, at 2.

the Staff and Management Bonus Plans were made pursuant to and consistent with these contractual provisions.

Finally, the Handbook reconfirms the contractual characterization of the employee's bonuses. The Handbook states in part, "[redacted]…."[122] While the obligation to pay bonuses to employees was described as discretionary, the payment of the bonuses itself was not inconsistent with this policy or the terms of any individual employment contract.

In the limited circumstances where an employee received a discrete bonus outside his or her department's standard bonus plan, the agreement was memorialized within the individual's employment contract. For example, the three REITs investment professionals who negotiated a retention bonus documented the agreement in a revised employment contract, which included the new bonus provision.[123]

II. The 2024 Bonus Payments Were Generally Consistent with Historical Practice

Weiss' bonuses paid in February 2024 were consistent with Weiss' business history and with the bonuses paid in the preceding two years. The timing of the bonus award in 2024 was in accordance with the Bonus Plan, which simply directed that the payment be made in "[redacted]"[124] As discussed *infra* Section Part Six, II., A., the date of the bonus payment was advanced from February 23, 2024 to February 12, 2024, which was

---

122 Employee Handbook, at 19.

123 *See* Lior Amended Employment Agreement; [redacted] Amended Employment Agreement; [redacted] Amended Employment Agreement.

124 Weiss Multi-Strategy Advisers LLC, Bonus Plan for Investment Professionals (2023), at 11.

approximately two weeks earlier than in the preceding years. On balance, the date remained within the parameters of the Bonus Plan, and that it was made eleven days earlier, is not a material difference.

For investment professionals, including Portfolio Managers, the dollar value of their annual bonuses could vary dramatically year to year, since bonuses were derived from a percentage of each strategy's P&L. Nevertheless, the bonuses were administered and awarded in the same manner from 2022 through 2024, in accordance with the formula set forth in the Bonus Plan.

Unlike the Investment Professional Bonuses, the Staff and Management Bonuses were discretionary and were not calculated by reference to profits. Although discretionary, these bonuses were awarded in a consistent manner so that the awards were similar year to year; some, such as Visser's bonus, actually decreased significantly in 2023 and 2024.[125] Staff with significantly higher bonuses were awarded these based on the significance of their roles, whether they advanced Weiss' business, whether they had management responsibilities and the length of their tenure.

In contrast to the February 2024 bonuses, the three $1 million REITs Retention Bonuses in January 2024 were without precedent at Weiss and were not consistent with the business history. As discussed *supra* Section Part Three, II., these bonuses were negotiated for several months, beginning in 2023, and they were awarded for the legitimate business purpose of retaining Weiss' most valuable team, which Jefferies recognized was essential both to Weiss' business and to a capital transaction between Weiss and [redacted]

[125] Exhibit – Weiss Compensation and Bonus History 2021-2024.

III. The 2024 Bonus Payments Were Consistent with Industry Practice

A. Investment Manager Compensation Generally

Hedge funds' investment professionals can commonly be compensated via (i) a base salary and a discretionary bonus; (ii) allocated profits, if they are admitted as general partners; or (iii) draws or guaranteed payments and a share of net fees if they are admitted as limited partners.[126] Within these employee categories, there are a variety of ways for funds to structure compensation. Some of the most common methods include paying discretionary bonuses to investment professionals from management fees, from the firm's profits, or from compensation pools that are allocated to pool participants in a discretionary or formulaic manner.[127] The chosen payment structures reflect the incentive management is trying to construct to achieve positive returns in line with the fund's goals.[128]

Bonus payments for investment professionals are calculated at the end of the year and are most commonly either disbursed in a single payment in the first quarter of the following year, or split into tranches paid at set times during the year to encourage retention.[129] Although Portfolio Managers who work for multi-strategies typically receive non-discretionary, contractual bonuses reflecting a percentage of their own strategy's yearly gains, the percentage of the P&L earmarked for the Portfolio Manager can vary across firms.[130] Based on the Examiner's experience, the experience of his counsel, and a review of publicly available information, these percentages can range from 15% on the low end to above 20% on the high end, and are often related to the total size of the assets under management for the relevant strategy.

---

126 Holly Weiss, Hedge Fund Employee Compensation, Practical Law 2019, at 2.
127 *Id.*
128 *Id.*
129 Hedge Fund Compensation Report, Trends in Hedge Fund Bonus Pay, Benchmark Compensation 2016, at 13.
130 Nishant Kumar, Hedge Funds at War for Top Traders Dangle $120 Million Payouts, Bloomberg (June 1, 2023).

B. Weiss Bonus Program was consistent with Industry Standards

The Weiss Multi-Strategy Advisers Bonus Plan aligned closely with industry standards. First, in calculating the cash bonus pool, Weiss considered similar performance factors as other funds in structuring their bonus plan. The bonus pool calculation considers fund expenses, previous performance of the fund, and has a typical [redacted] taking of fund profits. Similarly, the staggering of Weiss's bonus payments for investment professionals was consistent with market trends. A new uniform position that was held by the management of Weiss, as well as its former employees, was that the [redacted] rate of compensation was below market standards, but was balanced by the firm's culture as well as the opportunity to receive equity in the firm pursuant to provisions of the Investment Professional Bonus Program.

PART FIVE: OTHER INSIDER TRANSFERS

In addition to the 2024 Bonus Payments, the Examiner's professionals also conducted a review of Weiss' books and records and other information provided at their request to identify any other potential transfers to Insiders within the period from April 29, 2022 to April 29, 2024. The transfers during this time that were reviewed include: (i) notes issued to George Weiss, as well as legal expenditures relating to George Weiss; (ii) notes issues to Visser; (iii) employee bonuses to certain investment professionals, staff, and management in the years 2022 and 2023; (iv) miscellaneous disbursements; and (v) work- related and non-work-related use of Weiss's airplane.

I. George Weiss Note, Compensation, and Legal Expenses

George Weiss did not receive a salary, and was compensated through distributions from his capital account. Following the signing of the SRA with Jefferies in 2018 (*see supra* § Part Three, III., A.), George Weiss was restricted in making withdrawals.[131] The SRA provided in part

[131] 2018-05-01 Strategic Relationship Agreement.

that George Weiss could not be paid in years the firm was unprofitable, and in profitable years, there was a $1 million salary limit.[132] In practice, each year Weiss was unprofitable before 2023, Jefferies waived the provision, allowing George Weiss to be paid.[133] In 2021 and 2022, George Weiss was paid $83,333 per month, or $1 million per year.[134] In January 2023, Jefferies denied the request and George Weiss was not compensated in that year.

In addition to his capital account distributions, in September 2022, George Weiss received a $500,000 note from GWA LLC.[135] George Weiss arranged for the note after he personally sold artwork for which he would not be compensated for four months. George Weiss took the loan in the interim and paid back the full note amount with interest in December 2022.[136] There were no other notes identified during the examination between George Weiss and the firm.

Separate from George Weiss' compensation, Weiss took on certain legal expenses in a tax lawsuit. On February 1, 2023, Dillabough confirmed to Jefferies that George Weiss agreed to be personally responsible for all fees and expenses in connection with the tax lawsuit since June 30, 2022, as well as all fees and expenses associated with the Weiss airplane since that date.[137] Dillabough noted further that "[t]o the extent that any airplane or tax lawsuit fees and expenses are paid by or charged to GWA, LLC or any of its affiliates (collectively, "GWA") in 2023, George will wire an amount to GWA no later than quarterly for such fees and expenses."[138] George Weiss also wired $5.5 million on February 1, 2023, with $4.3 million for the tax lawsuit and $1.2 million for use of the airplane.[139]

---

132 *Id.* at 22.
133 2023-01-10 J. Dillabough to [redacted] - RE: GW salary discussion.
134 GW 2021 distributions; GW 2022 distributions.
135 2022-09-30 GWA LLC Notes Receivable.
136 2022-12-01 Bank of America Statement, Redacted.
137 2023-02-01 J. Dillabough to [redacted] RE: Follow-up.
138 *Id.*
139 *Id.*

After the February 1, 2023 transfer, George Weiss reimbursed Weiss for an additional $1.6+ million in expenses. On March 31, 2023, George Weiss' counsel wired $802,582.65 on George Weiss' behalf as further reimbursement.[140] On June 15, 2023, George Weiss' counsel wired an additional $802,417.35 on his behalf as additional reimbursement.[141]

II. Jordi Visser Notes

Between 2022 and 2024, Visser was guaranteed a $1 million salary and a $500,000 bonus.[142] Despite the guarantee, in 2022 and 2023, Visser elected to voluntarily receive a smaller payment of $400,000 and $300,000.[143] In addition to his $1.5 million guarantee, Visser also received a forgivable note from Weiss.[144] The note gave Visser an additional $1.5 million a year for a 3-year period.[145] Since the filing of the Weiss bankruptcy, Visser and Weiss have reached a settlement on the treatment of the note.[146]

III. Other Employee Bonuses

The "other bonuses" referenced in Exhibit "Weiss Compensation and Bonus History 2021-2024" stem from bonuses paid outside the Staff and Management and Investment Professional Bonus Plans. These include a deferred payment owed based on an earlier year's P&L, an employment contract guarantee, and investment fees paid to two analysts generated from products outside the Weiss multi-strategy.

---

140 George A. Weiss Payments to GWA, LLC Excel.
141 *Id.*
142 Exhibit – Weiss Compensation and Bonus History 2021-2024.
143 *Id.*
144 2022-09-30 Jordi Visser Note.
145 *Id.*
146 Debtor's Motion for Entry of an Order, Pursuant to Bankruptcy Rule 9019, Authorizing and Approving the Proposed Stipulation of Settlement between GWA, LLC and Jordi Visser, ECF No. 218; Order, Pursuant to Bankruptcy Rule 9019, Granting Debtors' Motion and Authorizing and Approving the Proposed Stipulation of Settlement between GWA, LLC and Jordi Visser, ECF No. 248.

[redacted] received a $[redacted] "other bonus" representing deferred payments he originally earned in 2020.[147] [redacted] received a [redacted] "other bonus."[148] [redacted] strategy's gains did not cover his contractual compensation guarantee, so Weiss paid him an additional bonus outside the Bonus Plan. Finally, [redacted] and [redacted] received $14,583.34 each stemming from WEGM's investment activities.[149]

IV. Miscellaneous Disbursements

In accordance with Weiss' Employee Handbook, reimbursements to Weiss' employees for travel and other expenses were itemized and supported by documentation.[150] The Examiner's staff have reviewed these materials, which were largely minimal, consistent with past practices, or did not include transfers to Insiders.

V. Corporate Aircraft

Weiss owned and utilized a corporate jet from 2007 to 2023.[151] The jet was chartered and used for firm business. Firm management was allowed to charter the plane for personal use and Weiss used Executive Jet Management ("EJM") to coordinate the chartering of the plane to third parties. When the plane was personally used or chartered by third parties, the firm was reimbursed.

In 2022, Jefferies raised objections to the firm's ownership of the private jet. After multiple conversations between Jefferies and George Weiss, in January 2023, George Weiss agreed to assume all fees and expenses relating to the plane, retroactively covering costs beginning on June 30, 2022.[152] As noted *supra* Section Part Five, I., on February 1, 2023, George Weiss wired $5.5

---

147 In 2020 [redacted] earned a roughly $3 million bonus and was paid $2.2 million of it, with the rest deferred. Because [redacted] lost money in 2021, and his gains did not cover his expenses in 2022, the remaining balance continued to be deferred until his strategy's success in 2023 allowed him to be paid the deferred amount in February 2024.

148 Exhibit – Weiss Compensation and Bonus History 2021-2024.

149 *Id.*

150 *See* Weiss Employee Handbook, at 21, 44.

151 2023-02-13 Priority Search Certificate, Aero-Space Reports.

152 2023-02-01 J. Dillabough to [redacted] - RE: Follow-up.

million, $1.2 million of which concerned use of the airplane to that date.[153] Weiss sold the plane approximately six weeks after George Weiss' reimbursement payment, on March 14, 2023.[154] EJM has confirmed that there are no amounts due and all payments have been made.[155]

PART SIX: VIABILITY OF AVOIDANCE CAUSES OF ACTION

The Bankruptcy Code and state law permit a debtor, trustee, or other party appointed as a representative of the estate to recover property from third parties by undoing, or "avoiding," a transfer of the debtor's property.[156] These avoidance powers help ensure the equal distribution of assets among the debtor's creditors by clawing back assets that were preferentially, fraudulently, or otherwise improperly transferred either prepetition or post-petition.

The Examiner has analyzed two common avoidance claims that could be considered in the context of the compensation and bonus payments and the REITs Retention Bonuses: preferential transfer claims and fraudulent transfer claims.[157] This section of the Report examines potential preference and fraudulent transfer claims. It analyzes the legal requirements and viability of preference claims under bankruptcy law, and intentional and constructive fraudulent transfer claims under federal and state law with respect to compensation and bonus payments and retention bonuses, as well as the legal requirements of the most significant defenses to such claims.

---

153 2023-02-01 J. Dillabough to [redacted] - RE: Follow-up.
154 2023-03-14 [redacted] to M. Lanzoni FW: CashPro: Incoming Wire Transfer.
155 2024-11-01 A. Hauter to S. Sweeney RE: GWA - EJM Plane Records.
156 11 U.S.C. §§ 544-551.
157 Other categories of potential avoidance actions available under the bankruptcy code are not applicable to the compensation and bonus payments, which were made pre-petition and did not involve any liens. *See* 11 U.S.C. §§ 547 and 549.

I. Fraudulent Transfers under the Bankruptcy Code:

Bankruptcy Code Section 548 grants a debtor (or other appropriate party) the power to avoid actual and constructive fraudulent transfers.[158] Section 544(b) also enables such plaintiffs to avoid intentional and constructive transfers that are voidable by a creditor under state law.[159]

A. Intentional Fraudulent Transfer under 11 U.S.C. § 548(a)(1)(A)

In order to prove a transfer was intentionally fraudulent, the plaintiff must show: (i) a transfer was made involving property of the estate; (ii) the transfer was made within two years before the petition date; and (iii) the debtor voluntarily or involuntarily "made such transfer or incurred such obligation with actual intent to hinder, delay, or defraud any entity to which the debtor was or became . . . indebted."[160] Actual fraud claims must meet the heightened pleading standard of Federal Rule of Civil Procedure Rule 9(b) and must therefore state with particularity the circumstances constituting the alleged actually fraudulent transfer.[161]

As overt evidence of fraudulent intent can be difficult to find, courts have recognized various "badges of fraud" that they will consider to be evidence of a fraudulent conveyance in appropriate cases.[162] A non-exhaustive list of common "badges of fraud" include:

1. the lack or inadequacy of consideration;
2. the family, friendship or close associate relationship between the parties;
3. the retention of possession, benefit or use of the property in question;
4. the financial condition of the party sought to be charged both before and after the transaction in question;

---

[158] 11 U.S.C. § 548.

[159] 11 U.S.C. § 544(b).

[160] 11 U.S.C. § 548(a)(1)(A).

[161] *See In re Eight-11 Assocs., LLC*, 650 B.R. 43, 56 (Bankr. S.D.N.Y. 2023) (noting however that the Rule 9(b) requirement is relaxed when a claim is being plead by a trustee).

[162] *In re Lyondell Chem. Co.*, 567 B.R. 55, 117 (Bankr. S.D.N.Y. 2017), *aff'd*, 585 B.R. 41 (Bankr. S.D.N.Y. 2018) (citing *In re Sharp Int'l Corp.*, 403 F.3d 43, 56 (2d Cir. 2005) ("Due to the difficulty of proving actual intent to hinder, delay, or defraud creditors, the pleader is allowed to rely on 'badges of fraud' to support his case."); *see also In re Kaiser*, 722 F.2d 1574, 1582-83 (2d Cir. 1983) (applying badges in finding actual fraud).

5. the existence or cumulative effect of a pattern or series of transactions or course of conduct after the incurring of debt, onset of financial difficulties, or pendency or threat of suits by creditors;
6. the general chronology of the event and transactions under inquiry;
7. a questionable transfer not in the usual course of business; and
8. the secrecy, haste, or unusualness of the transaction.[163]

The existence of a single badge of fraud, or even multiple badges of fraud, does not by itself constitute conclusive proof of actual fraudulent intent, but the more badges present, the stronger the inference that will be drawn by the fact finder. [164] Even with the presence of badges of fraud, actual intent still must be proven; it cannot be presumed. The actual intent to defraud "need not target any particular entity or individual as long as the intent is generally directed toward present or future creditors of the debtor."[165]

B. Constructive Fraudulent Transfer under 11 U.S.C. § 548(a)(1)(B)

Unlike an intentional fraudulent transfer claim, a constructive fraudulent transfer claim does not require a showing of a transferor's fraudulent intent. Rather, the central element is whether the debtor received "reasonably equivalent value" in exchange for the transfer at issue.[166] In addition, the debtor must demonstrate that it:

1. was insolvent on the date that such transfer was made or such obligation was incurred, or became insolvent as a result of such transfer or obligation;
2. was engaged in business or a transaction, or was about to engage in business or a transaction, for which any property remaining with the debtor was an unreasonably small capital;
3. intended to incur, or believed that the debtor would incur, debts that would be beyond the debtor's ability to pay as such debts matured; or
4. made such transfer to or for the benefit of an insider, or incurred such obligation to or for the benefit of an insider, under an employment contract and not in the ordinary course of business.[167]

---

[163] *See In re Nanobeak Biotech Inc.*, 656 B.R. 350, 366-67 (Bankr. S.D.N.Y. 2024); *In re Bankr. Estate of Norske Skogindustrier ASA*, 629 B.R. 717, 733 (Bankr. S.D.N.Y. 2021).

[164] *In re Lyondell*, 567 B.R. at 117 (quoting *In re Lyondell Chem. Co.*, 541 B.R. 172, 187 (Bankr. S.D.N.Y. 2015)), *see also* UNIF. FRAUDULENT TRANSFER ACT § 4 (1984).

[165] *In re Lyondell*, 567 B.R. at 117 (quoting *In re Lyondell Chem. Co.*, 541 B.R. 172, 187 (Bankr. S.D.N.Y. 2015)).

[166] 11 U.S.C. § 548(a)(1)(B)(i).

[167] 11 U.S.C. § 548(a)(1)(B)(ii).

In determining whether a debtor has received reasonably equivalent value, courts will use a two-step analysis: first, a court must determine "whether the debtor received any value at all in exchange for the transfer, i.e. any realizable commercial value as a result of the transaction;" and second, a court must determine "whether that value was in fact reasonably equivalent . . . ."[168] In general, "[f]air equivalence only requires that the value of the consideration be reasonably equivalent rather than exactly equivalent in value to the property transferred or obligation assumed."[169]

In addition to proving that the debtor did not receive reasonably equivalent value, a plaintiff must also satisfy one of three financial condition tests: (i) balance-sheet insolvency, (ii) unreasonably small capital, and (iii) the intent to incur debts beyond the debtor's ability to pay the debts as they come due.[170]

The first financial condition test analyzes whether "the sum of [an] entity's debts is greater than all of such entity's property, at a fair valuation . . . ."[171] Fair value, in turn, "is determined by the fair market price of the debtor's assets that could be obtained if sold in a prudent manner within a reasonable period of time to pay the debtor's debts."[172] Accordingly, under this financial condition test, the Trustee must prove that the debtor was balance-sheet "insolvent on the date that

---

168 *In re Lyondell*, 567 B.R. at 113-14 (quoting *In re Adelphia Commc'ns Corp.*, No. 02-41729 (REG), 2006 WL 687153, at *11 (Bankr. S.D.N.Y. Mar. 6, 2006)).

169 *Id*. at 114 (citation omitted); *In re Jesup & Lamont, Inc.*, 507 B.R. 452, 472 (Bankr. S.D.N.Y. 2014) ("A finding of reasonably equivalent value does not require an exact equivalent exchange of consideration. However, the benefits the debtor receives from the transfer must approximate its expected costs.").

170 *In re Lyondell*, 567 B.R. at 109.

171 11 U.S.C. § 101(32)(A); *In re Tronox Inc.*, 503 B.R. 239, 296 (Bankr. S.D.N.Y. 2013) ("The analysis of solvency for fraudulent conveyance purposes is a 'balance sheet test,' examining whether debts in the aggregate are greater than assets in the aggregate.") (internal citation omitted).

172 *In re Roblin Inds.*, 78 F.3d 30, 35 (2d Cir. 1996).

[the] transfer was made or [when the] obligation was incurred, or became insolvent as a result of such transfer."[173]

The "capital adequacy" financial condition test is satisfied if a debtor engaged in a transaction "for which any property remaining with the debtor was an unreasonably small capital...."[174] "Unreasonably small capital" is not defined in the Bankruptcy Code, but bankruptcy courts in this district have "explained that 'unreasonably small capital' typically refers to the 'inability to generate sufficient profits to sustain operations,' which is a condition that naturally 'must precede an inability to pay obligations as they come due,' and as such, 'unreasonably small capital' is a term that 'would seem to encompass financial difficulties short of equitable insolvency.'"[175]

The third financial condition tests inquires whether the debtor "intended to incur, or believed that the debtor would incur, debts that would be beyond the debtor's ability to pay as such debts matured ...."[176] "While the statute suggests a standard based on subjective intent, the courts have held that the intent requirement can be inferred where the facts and circumstances surrounding the transaction show that the debtor could not have reasonably believed that it would be able to pay its debts as they matured."[177]

C. Defenses To Fraudulent Transfer Actions

Section 548(c) of the Bankruptcy Code provides a "good faith" defense to an otherwise avoidable transfer:

> "Except to the extent that a transfer or obligation voidable under this section is voidable under section 544, 545, or 547 of this title, a transferee or oblige of such

---

173 *Mellon Bank, N.A. v. Metro Commc'ns, Inc.*, 945 F.2d 635, 648 (3d Cir. 1991), as amended (Oct. 28, 1991) (quoting 11 U.S.C. § 548).

174 11 U.S.C. § 548(a)(1)(B)(ii)(II).

175 *In re Lyondell*, 567 BR at 109.

176 11 U.S.C. § 548(a)(1)(B)(ii)(III).

177 5 COLLIER ON BANKRUPTCY ¶ 548.05[3][c] (Richard Levin & Henry J. Sommer eds. 16th ed. 2010).

> a transfer or obligation that takes for value and in good faith has a lien on or may retain any interest transferred or may enforce any obligation incurred, as the case may be, to the extent that such transferee or obligation gave value to the debtor in exchange for such transfer or obligation.[178]

Section 548(c) provides a defense to both actual and constructive fraudulent conveyance claims under the Bankruptcy Code.[179] A transferee bears the burden of proving the elements of the good faith defense by showing that it gave value to the debtor in exchange for the transfer and that it did so "in good faith."[180]

The Bankruptcy Code does not define "good faith," and courts evaluate good faith on a case-by-case basis. To do so, "federal courts have reached a consensus that 'good faith' [under the Bankruptcy Code provisions is] determined according to an 'objective' or 'reasonable person' standard. . . ."[181] Under this standard, courts look to what the transferee objectively 'knew or should have known.'"[182] Courts have also found an absence of good faith when transferees do not perform sufficient due diligence when alerted to such circumstances to put them on notice of an improper purpose for the transfer. [183]

D. Preferential Transfers

Under Section 547(b) of the Bankruptcy Code, a debtor is permitted to avoid certain pre-petition transfers if doing so would serve the important bankruptcy policy goal of treating all similarly situated creditors equally.[184] In order to avoid a transfer as a preference, a plaintiff must show: (i) a transfer to or for the benefit of a creditor, (ii) for or on account of an antecedent debt, (iii) made while the debtor was insolvent, (iv) on or within 90 days before the date of the filing of

---

178 11 U.S.C. § 548(c).
179 *In re Dreier LLP*, 452 B.R. 391, 426 (Bankr. S.D.N.Y. 2011).
180 *Id.*
181 *In re Bayou Grp.*, 396 B.R. 810, 844 (Bankr. S.D.N.Y. 2008), *rev'd on other grounds*, 439 B.R. 284 (Bankr. S.D.N.Y. 2010).
182 *See id.*; *In re Enron Corp.*, 357 B.R. 32, 44-46 (Bankr. S.D.N.Y. 2006).
183 *In re Bernard L. Madoff Inv. Sec. LLC*, 12 F.4th 171, 192 (2d Cir. 2021), *cert. denied*, 142 S.Ct. 1209 (2022).
184 5 COLLIER ON BANKRUPTCY ¶ 547.01 (Richard Levin & Henry J. Sommer eds. 16th ed. 2010).

the bankruptcy petition, (v) that enabled the creditor to receive more than it would otherwise have received if the transfer had not been made and the case had proceeded under Chapter 7 of the Bankruptcy Code.[185] When asserting a preference claim, the plaintiff has an obligation to take into account the transferee's known or reasonably knowable affirmative defenses.[186]

The Bankruptcy Code and the Second Circuit treat "debt" and "obligation" as equivalent terms.[187] Further, the legal obligation to pay a debt, in the context of Section 547, occurs not when the agreement was breached or payment is due, but when the agreement is made.[188]

E. Preference Defenses

Section 547(c) of the Bankruptcy Code provides exceptions from attack as preferences for some transfers. Even if all of the elements listed in Section 547(b) are present, the transfer may not be avoided if the defendant transferee can show that one of the exceptions listed in Section 547(c) of the Bankruptcy Code applies. Moreover, Section 547(c) lists only specific defenses, and does not preclude the use of other general defenses (such as statute of limitations). The following defenses are of particular relevance to the transfers that were reviewed by the Examiner.

1. Contemporaneous Exchange for New Value

For the contemporaneous exchange exception to apply under Section 547(c)(1) of the Bankruptcy Code, the exchange must meet the following three requirements: "(1) the transferee delivered new value, (2) the parties intended the exchange to be contemporaneous, and (3) the exchange was, in fact, substantially contemporaneous."[189] Within the context of a preferential

---

185 11 U.S.C. § 547(b).
186 *Id.*
187 *In re Trib. Co. Fraudulent Conv. Litig.*, No. 12-mc-2296 (RJS) 2018 WL 6329139 *13 (S.D.N.Y. Nov. 30, 2018).
188 *See id.*; *In re Enron Corp.*, 357 B.R. 32, 44-46 (Bankr. S.D.N.Y. 2006).
189 *In re Dewey & LeBoeuf LLP*, No. 14-01919 (MG), 2014 WL 4746209, at *8 (Bankr. S.D.N.Y. Sept. 23, 2014) (quoting *In re Dreier LLP*), 453 B.R. 499, 515 (Bankr. S.D.N.Y. 2011).

transfer, new value is defined as "money or money's worth in goods, services or new credit . . . but does not include an obligation substituted for an existing obligation."[190] Courts have interpreted this term to include the continued services of employees and payments to those employees to be considered as "contemporaneous" so long as the employer-debtor pays such employees' salaries as they come due.[191] This presumption may be rebutted with evidence that demonstrates a contract was not "negotiated at arm's length or that the payments were excessive as compared to services rendered."[192]

2. Ordinary Course of Business

Under Section 547(c)(2) of the Bankruptcy Code, a creditor can raise as an affirmative defense that the payment was made in the ordinary course of business. "To make an ordinary course of business defense, a creditor 'bears the burden of proving the defense[] by a preponderance of evidence.'"[193] A primary purpose underlying the ordinary course exception is to discourage unusual action by either the debtor or its creditors prior to bankruptcy. "In order to prevail, a defendant must prove either the subjective test under Section 547(c)(2)(A), or the objective test under Section 547(c)(2)(B)."[194] The "subjective element [ ] requires an examination of whether [the] transfer was ordinary between the parties to the transfer."[195] Under this test, the court should consider: "(i) the prior course of dealing between the parties, (ii) the amount of the payment, (iii) the timing of the payment, (iv) the circumstances of the payment, (v) the presence of unusual debt collection practices, and (vi) changes in the means of payment." [196] The creditor

---

190 11 U.S.C. § 547(a)(2).

191 *See In re Enron Corp.*, 357 B.R. 32, 50 (Bankr. S.D.N.Y. 2006) ("While . . . contractually-agreed upon payments can generally be presumed to equal the value of the services (or goods) provided, sufficient facts [may] rebut that presumption.").

192 *In re Dewey*, WL 4746209 at *9.

193 *Id.* (citation omitted).

194 *In re Quebecor World (USA) Inc.*, 491 B.R. 363, 368 (Bankr. S.D.N.Y. 2013).

195 *In re Dewey*, WL 4746209 at *9.

196 *Id.*

"must establish a 'baseline of dealings' that will enable the court to evaluate the parties' prior practices and compare that with the transfers in question." [197] On the other hand, the "objective test [] 'looks not to the specifics of the transaction between the debtor and the particular creditor, but rather focuses on the general practices in the industry, in particular the industry of the creditor.'" [198] The transfer "must comport with ordinary business terms used by similarly situated debtors and creditors faced with similar circumstances."[199]

3. New Value Defense

Section 547(c)(4) provides that a plaintiff may not avoid a transfer "to or for the benefit of a creditor, to the extent that, after such transfer, such creditor gave new value to or for the benefit of the debtor."[200] The "new value" effectively repays and offsets the earlier preference, and the transferee must demonstrate the extent to which new value replenishes the estate.[201] The "new value" definition under section 547 of the Bankruptcy Code only requires that a transferee provide goods, services or credit that the debtor did not previously have.[202] There is no requirement that such goods, services or credit be provided under a "separate" contract or transaction.[203]

F. State Law Avoidance Claims

Under Section 544(b)(1) of the Bankruptcy Code, the debtor's estate can step into the shoes of an unsecured creditor to bring avoidance claims under applicable law, including state law.[204]

---

197 *Id*.
198 *Id*.
199 *Id*.
200 *In re George G. Sharp, Inc.*, No. 20-10590 (MEW), 2022 Bankr. LEXIS 1484, at *12 (Bankr. S.D.N.Y. May 25, 2022).
201 *In re Teligent, Inc*., 315 B.R. 308, 315 (Bankr. S.D.N.Y. 2004); *In re Musicland Holding Corp.*, 462 B.R. 66, 70 (Bankr. S.D.N.Y. 2011) ("The party relying on the defense must show that it gave unsecured new value after the preferential transfer.").
202 *In re George*, Bankr. LEXIS 1484, at *15 (Bankr. S.D.N.Y. May 25, 2022).
203 *Id.*
204 11 U.S.C. § 544(b)(1); *See In re Eight-115 Assocs.*, *LLC*, 650 B.R. at 55 ("Pursuant to Section 544 of the Bankruptcy Code, the Trustee can assert fraudulent conveyance claims rooted in New York Debtor and Creditor Law(s) ("NY DCL") §§ 272–275.").

The estate's right to pursue state law avoidance claims under this subsection depends on the existence, as of the petition date, of at least one unsecured creditor with the right to pursue such avoidance claims under state law.[205]

The reach-back periods in state fraudulent transfer statutes are often longer than the Bankruptcy Code's two-year clawback period. However, the compensation and bonus payments as well as the REITs Retention Bonuses occurred within the two-year period and the scope of the examination was otherwise limited by the Appointment Order to the two-year period. The Examiner believes that it is likely that New York law would apply to any Section 544(b) claim. As New York's fraudulent transfer and preference statues have effectively the same provisions as the relevant Bankruptcy Code provisions, the analysis under state law would be substantially the same as under the Bankruptcy Code.

II. Analysis of Potential Causes of Action

In this section of the Report, the Examiner analyzes the merits of potential fraudulent transfer and preference claims related to the following transfers (i) the February 2024 Bonus Payments, and (ii) the REITs Retention Bonuses (collectively the "Analyzed Transfers"). This section of the Report has certain limitations. For example, given the time constraints of the Investigation, the Examiner could not replicate the full discovery process that would proceed in an adjudication on the merits of the claims analyzed in this section. Similarly, while the Examiner conducted interviews of many of the individuals who would have knowledge related to the transfers at issue, formal depositions were not conducted and the Examiner did not seek sworn testimony from any individuals with knowledge relevant to the transfers at issue. Additionally,

---

[205] *See In re Eight-115 Assocs., LLC*, 650 B.R. at 55 ("Section 544 clearly marks the Petition Date, not any date post-petition, as the relevant date [to determine the existence of an unsecured creditor that could assert state law avoidance claims].").

certain issues analyzed below if taken to a final adjudication would potentially involve financial advisors or expert testimony, and the Examiner did not think it prudent to incur the additional expense of these retentions and instead relied on his team and their review of relevant records to conduct this analysis.

A. Intentional Fraudulent Transfer Claims under 11 USC § 548(a)(1)(A)

The Examiner does not believe it would be subject to serious dispute that the Analyzed Transfers would meet the first two factors of the intentional fraudulent transfer analysis: (1) that the transfer was made involving property of the estate; and (2) that the transfer was made within two years before the petition date.[206] In determining whether the third element is established—that Weiss voluntarily or involuntarily "made such transfer or incurred such obligation with actual intent to hinder, delay, or defraud"—the Examiner reviewed each category of transfer independently to determine if this element was satisfied.

With regards to the February 2024 Bonus Payments, the Court may consider Jefferies' arguments that Weiss leadership intended to defraud them. Jefferies' position is reflected in communications [omitted] that accused Weiss of "blatantly [lying] . . . that bonuses are paid at the end of the month"[207] and of "inappropriately" taking "a meaningful amount of our money."[208]

However, Jefferies' arguments may not ultimately be persuasive because the Investigation has demonstrated that there was substantial evidence of a legitimate business purpose justifying the payment of each of the February 2024 Bonus Payments.[209] Specifically, the evidence available

---

206 11 U.S.C. § 548(a)(1)(A).

207 2024-02-11 M. Edwards to [redacted] Re: Shocked.

208 2024-02-11 [redacted] to G. Weiss Re: Sad.

209 In addition to the 2024 bonuses, the Examiner has also investigated other transfers from 2022 through 2024, including the payment of bonuses in 2022 and 2023 and Weiss' issuance of notes to Visser and George Weiss. With respect to the earlier bonuses, there has been no evidence of impropriety in the timing or value of those bonuses. The note to George Weiss was promptly reimbursed, and Visser has reached a settlement. *See* Order, Pursuant to Bankruptcy Rule 9019, Granting Debtors' Motion and Authorizing and Approving the Proposed Stipulation of Settlement between GWA, LLC and Jordi Visser, ECF No. 248.

to the Examiner demonstrated that these payments were made for the legitimate purpose of compensating Weiss' employees for work they had performed in the prior year, disbursed at a time when the firm still appeared to be viable, and were made to facilitate the retention of employees during the negotiations with [redacted] With respect to the other investment professionals who received bonuses, the bonuses were made in accordance with the Bonus Plan; only investment professionals who worked on profitable strategies received bonuses, and the majority of investment professionals did *not*, in fact, receive bonuses.[210]

For hedge fund investment professionals, bonuses are an integral component of overall compensation and Weiss management was concerned that investment professionals would not remain at the firm if the bonuses were not paid.[211] With respect to the Staff and Management Bonuses awarded in 2024, these were also an integral part of the employees' compensation and consistent with the bonuses awarded in previous years.[212] In contrast to the contested timing of the bonus payments, the dollar *value* of these bonuses was not contested and was estimated in financials that were sent to Jefferies well in advance of the bonus payment.[213] Moreover, the lack of bad faith in authorizing the payment of the 2024 bonuses is also evinced from the fact that George Weiss' determination to pay the bonuses was predicated on (i) Seward & Kissel's legal advice as conveyed by Dillabough, and (ii) Dillabough's own legal advice to George Weiss concerning the threat that Jefferies would, without sufficient legal basis, seek to prevent the payment of bonuses, imperiling the [redacted] negotiations. In sum, the Examiner's Investigation yielded no evidence that the February 2024 Bonus Payments were made with actual intent to

---

210 *See* Salary History - Staff and Management and for Investment Professionals Under the Contractual Bonus Plan for 2021-2024.

211 *See* Holly Weiss, Hedge Fund Employee Compensation, Practical Law 2019.

212 *See* Salary History - Staff and Management and for Investment Professionals Under the Contractual Bonus Plan for 2021-2024.

213 *See supra* § Part Three, III. B.

"defraud, hinder or delay" any creditor including the Jefferies Parties, as opposed to being an effort to preserve the [redacted] negotiations.

The Court may also consider the non-exhaustive "badges of fraud" enumerated in the UFTA. Several of these were of particular relevance to the Examiner's analysis: (i) a questionable transfer not in the usual course of business; (ii) the transfer or obligation was undisclosed or concealed; (iii) before the transfer was made or obligation was incurred, the debtor had been sued or threatened with suit the general chronology; and (iv) the transfer or obligation was to an insider.[214]

With regards to the first badge, the Examiner's Investigation did reveal that the February 2024 Bonus Payments were advanced from February 23 to February 12 and paid at a time marked by contentious discussions with Jefferies concerning the execution of the February 1 Draft Forbearance Agreement. However, the fact that the bonuses were paid eleven days before they were originally scheduled does not indicate that they were fraudulent; the bonuses were paid in February, as they were required to be under the Bonus Plan, and at roughly the same time of the month as the preceding three years, albeit slightly less than two weeks earlier.[215] The Bonus Plan does not dictate any particular date or time of February for the payment.[216] In addition, Jefferies' representatives acknowledged in their interview that Weiss did not need to seek Jefferies' consent before payment of the bonuses, and the Investigation did not yield sufficient evidence to establish that Weiss staff represented to Jefferies that they would not pay bonuses until the end of the month. Moreover, Weiss relied on the advice of outside counsel from Seward & Kissel in drafting its response to Jefferies, in which it represented that Weiss was operating in the "normal course."

---

[214] *See In re Nanobeak Biotech Inc.*, 656 B.R. at 366-67; *In re Bankr. Estate of Norske Skogindustrier ASA*, 629 B.R. at 733.

[215] Bonus pay dates 2016-2024.

[216] Weiss Multi-Strategy Advisers LLC, Bonus Plan for Investment Professionals (2023), at 7.

With regard to the second badge, Weiss's intention to make the February 2024 Bonus Payments would have been well known to the Jefferies Parties. As described *supra* Section Part Three, III., B., Weiss notified the Jefferies Parties of its intention to make annual bonus payments in February 2024, including the provision of various financial records from which Weiss' bonuses were calculated and which demonstrated bonus accruals. While Weiss management did not notify Jefferies of the actual bonus payments until after they had been made, Weiss did not have an obligation to provide such notification or to seek the Jefferies Parties' approval before doing so.

As to the third badge, while Weiss management had some internal concerns over the actions that the Jefferies Parties may potentially take in light of the contentious discussions between the parties, at the time they authorized the February 2024 Bonus Payments, they had not actually been sued or threatened with a lawsuit. Although the precise moment that the bonuses were authorized is not clear, available evidence indicates that the decision was made before the Jefferies Parties February 8 email (at 4:08 pm) threatening a TRO.[217]

The factor that the transfer or obligation was to an insider is mixed, because some of the bonus recipients, including Visser, REITs Portfolio Manager Ron Lior, and several other members of firm leadership, were insiders, but the majority of the transferees were not.[218] The bonus recipients who received the largest transfers were Portfolio Managers and other investment professionals, and those amounts were determined by formula from their strategies' P&L.[219]

Even if it could be proven that the 2024 Bonus Payments satisfied several of these badges of fraud, "actual intent still must be proven; it cannot be presumed."[220] The Examiner has not seen

---

217 2024-02-11 J. Dillabough to. M. Edwards RE: Follow up.

218 *See* Salary History - Staff and Management and for Investment Professionals Under the Contractual Bonus Plan for 2021-2024.

219 *See id.*

220 *In re Lyondell*, 567 B.R. at 117.

evidence that the February 2024 Bonus Payments were in furtherance of a fraud. To the contrary, the evidence developed in the Investigation strongly suggests that the bonuses were awarded for the legitimate business purposes of compensating Weiss employees for their historic work pursuant to the firm's historic practices and existing bonus plans, retaining employees, and maintaining its business operations to pursue the strategic relationship with [redacted] which Weiss management believed was in the best interest of Weiss and its creditors.

As to the other Analyzed Transfers, the Examiner reached a similar conclusion that there is insufficient evidence to indicate that any of the transfers were undertaken with an actual intent to defraud creditors. For example, with respect to the REITs Retention Bonuses, it is uncontested that REITs was one of the most valuable—if not *the* most consistently profitable—team at Weiss. For 2023 (the year underlying the 2024 bonuses), the REITs trading P&L was in excess of $[redacted].[221] Representatives of Jefferies acknowledged in an interview, in substance, that the REITs team was "key to the [redacted] deal." Weiss awarded the REITs Retention Bonuses out of recognition that the REITs team was highly sought after and important to the future of the firm. Additionally, the REITs Retention Bonuses were negotiated and paid before Weiss received the February 1 Forbearance Agreement. Similarly, the other Analyzed Transfers were undertaken for legitimate business reasons and did not have any indication of a fraudulent intent by Weiss.[222]

The Examiner concludes that, based on the facts developed in the Investigation, Jefferies (and any other prospective plaintiff) is unlikely to prevail on a claim for intentional fraudulent transfer under 11 USC § 548(a)(1)(A) for the Analyzed Transfers.

---

221 The REITs 2023 trading P&L was $[redacted] 2023 FY Bonus By Strategy.

222 This holds true for the "Other Bonuses." [redacted] $[redacted] "other bonus" represented deferred payments he originally earned in 2020, that were not paid until his strategy was profitable, in accordance with the Bonus Plan. [redacted] received a bargained-for guaranteed bonus that was part of his employment agreement with Weiss, and was negotiated since his prior employer, Nomura, had a guaranteed bonus. [redacted] and [redacted] received distinct bonuses that stemmed from WEGM's investment activities.

B. Constructive Fraudulent Transfer Claim – 11 USC § 548(a)(1)(B)

The Analyzed Transfers would meet the first requirement of a constructive fraudulent transfer claim because, for the same reasons noted with respect to the intentional fraudulent transfer claim above, the transfers were made within two years before the Petition Date.[223] However, in order to prevail on this claim, Weiss must also have received less than reasonably equivalent value for the transfers at issues and must have been insolvent, unable to pay its debts as they matured, or left with unreasonably small capital. As a starting point, the payment of bonuses to employees, even discretionary bonuses, will most likely be seen as providing "value" to Weiss.[224] Accordingly, the Examiner's analysis focused on whether Weiss received less "reasonably equivalent" value for the Analyzed Transfers.

1. Less than Reasonably Equivalent Value

In the context of compensation, Courts will look to the services rendered by the employee to focus on the value of the services provided to the debtor to determine if they are reasonably equivalent to the compensation that was paid.[225] In conducting this review, courts will also take into account the contractual provisions that may exist between the debtor and the relevant employee related to the calculation of any compensation, such as bonuses as well as comparisons to the reasonableness of the compensation when compared to market practice.[226] Courts will also

---

223 11 U.S.C. § 548(a)(1)(B).

224 *See In re F-Squared Inv. Mgt., LLC*, 600 BR 294, 306-07 (Bankr. D Del 2019)("Rewarding your best employees(s) with a discretionary bonus (especially where the prospect of a discretionary bonus is included in both the employer's employee handbook and the employee's offer letter) undoubtedly helps to build the loyalty of the employee and increase morale, generally, if nothing else. Failure to award the bonus, even if discretionary, could cause a company's best employees to seek employment elsewhere.").

225 *See In re Bernard, LLC*, 458 B.R. 87, 110 (Bankr. S.D.N.Y. 2011); *In re Churchill Mortg. Inv. Corp.*, 256 B.R. 664, 679 (Bankr. S.D.N.Y. 2000), *aff'd sub nom. Balabar-Strauss v. Lawrence*, 264 B.R. 303 (S.D.N.Y. 2001).

226 *In re Churchill*, 256 B.R. at 679-80; *see also In re Wonderwork, Inc.*, 611 B.R. 169, 209-10 (Bankr. S.D.N.Y 2020).

consider the role that bonus compensation plays in retaining employees when conducting a reasonably equivalent value analysis.[227]

The Examiner believes that the Debtors received reasonably equivalent value for the February 2024 Bonus Payments, as well as the 2022-23 Bonuses, for which the findings and analysis are identical. The Investment Professional Bonuses were meritocratic in that they were directly tied to each strategy's P&L, and the majority of investment professionals—those whose strategies were not profitable—did *not* receive bonuses.[228] Additionally, they were calculated and paid pursuant to the specific provisions of the Bonus Plan, and the Examiner believes that the criteria used to calculate the bonus pool that funded these bonuses was reasonable and consistent with, or below market standards. Additionally, the role that the bonuses paid in incentivizing the investment professionals to stay with Weiss during the course of the [redacted] negotiations would be seen as having provided additional value to Weiss.

The Staff and Management Bonuses likewise appear to be for reasonably equivalent value. While the Staff and Management Bonuses were discretionary, they were awarded after Weiss conducted an internal analysis to ensure the relevant employees were meeting expectations. Moreover, there was no evidence gleaned during the Examination that any employee who received a bonus was not providing his or her expected contribution to the firm. Additionally, the Staff and Management Bonuses in February 2024 were overall consistent in terms of value with the bonuses that had been paid in prior years. The Examiner also believes that the value of the Staff and Management Bonuses were generally consistent with the market compensation for similarly situated employees in similar hedge funds.

---

227 *Id.*

228 *See* Salary History - Staff and Management and for Investment Professionals Under the Contractual Bonus Plan for 2021-2024.

In contrast, the payment of the REITs Retention Bonuses presents facts that could support a colorable argument that Weiss did not receive a reasonably equivalent value in exchange. By their express terms, the REITs Retention Bonuses were not based on services previously provided to Weiss, but were instead forward looking and intended to ensure the retention through December 31, 2027 of Lior, [redacted] and [redacted] While value is determined at the time of the transfer in question, the Debtors could raise a colorable argument that they did not receive reasonably equivalent value for the payment of the REITs Retention Bonuses due to the subsequent failure of the [redacted] negotiations and the corporate filing.

2. Insolvency

As to the insolvency, the debtor must show that (i) the debtor was insolvent on the date that the transfer was made or became insolvent as a result of such transfer; (ii) was left with unreasonably small capital; (iii) intended or believed that it would incur debts beyond its ability to pay; or (iv) made the transfer for an insider outside the ordinary course of business.[229]

The crux of insolvency is whether the sum of the debtor's debts is greater than the value of all of its property.[230] "To prove insolvency, a trustee may rely on 'balance sheets, financial statements, appraisals, expert reports, and other affirmative evidence.'"[231] It appears that Weiss was insolvent when the February 2024 Bonuses were paid as well as when the REITs Retention Bonuses were paid. For fiscal year 2023, Weiss earmarked $[redacted] for bonuses.[232] On February 12, 2024, the day the bonuses were paid, Weiss acknowledged in the Forbearance Agreement that it had "Past Due Obligations" to Jefferies in the amount of $54,528,115.78.[233]

---

229 11 U.S.C. § 548(a)(1)(B)(ii).
230 11 U.S.C. § 101(32).
231 *In re Jesup*, 507 B.R. at 473 (quoting *In re Knippen*, 355 B.R. 710, 722-23 (Bankr. N.D. Ill. 2006)).
232 Exhibit – Weiss Compensation and Bonus History 2021-2024.
233 2024-02-12 Forbearance Agreement § 1.

Moreover, Weiss' Consolidated Statement of Financial Condition dated December 31, 2023, reflects total liabilities in excess of [redacted] and total assets of $[redacted]. Accordingly, for the purposes of this analysis, the Examiner assumed that the Debtors were insolvent based on the available information.

3. Defenses to Fraudulent Transfers

Section 548(c) provides a defense to both actual and constructive fraudulent conveyance claims under the Bankruptcy Code. A transferee bears the burden of proving the elements of the good faith defense by showing that it gave value to the debtor in exchange for the transfer and that it did so "in good faith."[234] "Good faith" in turn is determined under an objective standard.[235] The determination of "value" is closely related to the analysis of reasonably equivalent value previously discussed, and with the exception of the REIT Retention Bonuses, the Examiner believes that the recipients of the Analyzed Transfers gave value for substantially the same reasons previously detailed.

The evidence before the Examiner establishes the good faith of the Weiss transferees. Bonuses for the Investment Professionals were based on their strategies' individual financial merit. Moreover, in interviews, many of the investment professionals were not aware of the firm's overall precarious financial position, both because their substantial bonuses reflected their productive financial performance, they were not privy to the discussions with Jefferies concerning Weiss' debts, and some investment professionals worked remotely and were removed from office conversations.

---

234 *In re Dreier*, 452 B.R. at 426.
235 *In re Bayou Grp.*, 396 B.R. at 844.

With respect to the Staff and Management Bonuses, although several members of Weiss' leadership were aware of Weiss' financial strain, at the time the bonuses were made, they strongly believed Weiss business operations would continue through the [redacted] Transaction. Moreover, the 2024 Staff and Management Bonuses were consistent with the preceding years and within industry-standard compensation – perhaps even below market, and would not have put any of the recipients on notice of any larger issues with the firm. These findings hold true for the 2022-23 Bonuses for the same reasons.

Accordingly, and for substantially the same reasons that the Examiner concludes that the bonuses were awarded for a legitimate business purpose, the Examiner concludes based on the record evidence that the bonus transferees acted in good faith.

C. Preference Claims

The February 2024 Bonus Payments and at least a portion of the REITs Retention Bonuses facially satisfy the criteria set out for preference in Section 547(b) of the Bankruptcy Code as they are (i) transfers to creditors, (ii) for or on account of an antecedent debt, (iii) made while the debtor was insolvent, (iv) within 90 days before the date of the filing of the bankruptcy petition (or within one year if the recipient was an insider), (v) that enabled the creditor to receive more than it would otherwise have received if the transfer had not been made and the case had proceeded under Chapter 7 of the Bankruptcy Code.[236]

The February 2024 Bonus Payments facially satisfy these criteria. The obligation to pay the February 2024 Bonus Payments was imposed by the relevant employee contracts and, where applicable, the Bonus Plan accrued throughout the 2023 fiscal year. They arose prior to the February 2024 payment date making them antecedent debts. As detailed above, the Examiner

[236] 11 U.S.C. § 547(b).

believes there is a valid argument that the Debtors were balance sheet insolvent at the time of the February 2024 Bonus Payments, which was also within 90 days of the Petition Date. Generally, any amount received by an unsecured creditor during the preference period will enable that creditor to receive more than he would have received in liquidation, if the bankrupt estate would be unable to satisfy all its debts.[237] Based on the information currently known to the Examiner, he believes that the estate will not be able to pay unsecured creditors in full and that the recipients of the February 2024 Bonus Payments received more than they would have received in a Chapter 7 liquidation.

As to the REITs Retention Bonuses, the Trustee believes that the bonus paid to Lior would also satisfy the preference criteria, but that the remaining REITS Retention Bonuses would not be subject to preference claims. The obligation to pay the REITs Retention Bonuses was imposed at the time the new employment agreements with Lior, [redacted] and [redacted] were signed in December 2023, making them antecedent debts. However, the actual payment of the REITs Retention Bonus occurred January 26th, 2024, 94 days before the bankruptcy filing.[238] As a result, the REITs Retention Bonuses would only be avoidable if made to an insider subject to the one-year look-back window. Lior, who was with the firm for over 30 years and was a member of the Executive Committee, was classified by the Debtors as an insider in information provided to the Examiner.[239] Accordingly, the Trustee believes that the REITs Retention Bonus paid to Lior would be subject to the one-year look-back period. As with the February 2024 Bonus Payments, the Examiner believes that Lior received more than he would have received in a Chapter 7 liquidation.

---

237 *See In re CIS Corp.*, 195 B.R. 251, 262 (Bankr. S.D.N.Y. 1996).
238 2024-01-22[redacted] to M. Lanzoni Retention.
239 Schedule of Insiders.

Accordingly, the Examiner believes that the February 2024 Bonus Payments and the REITs Retention Bonus made to Lior could be subject to a preference claim unless the recipient processed a valid defense under Section 547(c) Bankruptcy Code. The following section examines the defenses available to the recipients of these transfers.

1. Affirmative Defenses

i. Contemporaneous Exchange for New Value

The bonus payments to staff, management, and investment professionals were not contemporaneously made for new value. The new value defense hinges on whether the payments were made to pay for past or ongoing services.[240] The end-of-year bonus payments were made in recognition of work done in the previous year. Consequently, they do not fall under this affirmative defense.

The REITs Retention Bonuses also do not fall under the contemporaneous exchange of new value defense. While the transfers were not owed because of previously performed work—they were made as an incentive for the strategy members to remain at the firm—the exchange of value was not contemporaneous. Unlike salary payments, a large, upfront payment for three years of service would not be classified as a contemporaneous exchange.[241] Further, the Section 547(c)(1) defense protects transfers only to the extent of the new value given.[242] Here, the REITs

---

240 *In re Jones Truck Lines, Inc.*, 130 F.3d 323, 327 (8th Cir. 1997) ("assume that an employer fails to pay an employee's salary and benefits when due. The employee complains and threatens to resign . . . If the employer responds by paying . . . the past-due salary or benefits, that transfer is not for new value. If the employer also resumes paying the employee's current salary and benefits when due, and the employee keeps working, those current payments are contemporaneous exchanges for 'new value,' the employee's continuing services.").

241 *See e.g. In re Dearborn Bancorp, Inc.*, 583 B.R. 395, 428 (Bankr. E.D. Mich. 2018) (finding § 547(c)(1) was not a valid defense because defendants failed to show the timing of the services performed or the value of the services were proximate to the transfer).

242 5 COLLIER ON BANKRUPTCY ¶ 547.04 (Richard Levin & Henry J. Sommer eds. 16th ed. 2010); *In re Dearborn*, 583 B.R. at 419 ("one of the purposes of § 547(c)(1) is to give credit for new value that replenishes the debtor's estate. This purpose is served only to the extent of the amount of the new value given to the debtor.").

Retention Bonus recipients received $1 million to stay at the firm for three years.[243] The large upfront payment covering a three-year period would not fall under the Section 547(c)(1) affirmative defense.

ii. Ordinary Course of Business

For a transfer to qualify as ordinary course, it must satisfy either the subjective or objective ordinary course of business test.[244] As detailed above, the subjective test examines whether the transfer was ordinary between the parties to the transfer and looks at (i) the prior course of dealing between the parties, (ii) the amount of the payment, (iii) the timing of the payment, (iv) the circumstances of the payment, (v) the presence of unusual debt collection practices, and (vi) changes in the means of payment.[245] By contrast, the "objective test [] 'looks not to the specifics of the transaction between the debtor and the particular creditor, but rather focuses on the general practices in the industry, in particular the industry of the creditor.'"[246]

Based on the facts and information gained through his Investigation, the Examiner believes that the February 2024 Bonus Payments would satisfy the subjective ordinary course test. The February 2024 Bonus Payments were generally consistent with the historic bonus payment practices of Weiss. First, they were calculated using the same methodology as prior years bonus payments. Second, the February 2024 Bonus Payments were of approximately the same amount per relevant employee as they had been in prior years. And while the portion of the February 2024 Bonus Payments that were related to investment professionals varied from prior years, this was inherent in their nature as these were directly tied to the profitability of the individual strategies. These bonuses were calculated in a manner consistent with historic practice and Weiss' obligation

---

243 Lior Amended Employment Agreement, at 2.
244 *In re Waterford Wedgwood USA, Inc.*, 508 B.R. 821, 827 (Bankr. S.D.N.Y. 2014).
245 *In re Dewey*, WL 4746209 at *9.
246 *Id.*

under the relevant employee contracts and the Bonus Plan. In sum, based on the information provided during the Examiner's Investigation, the payment of the February 2024 Bonus Payments, including the process of determining and accruing the bonus payments, was basically indistinguishable from prior years.[247]

The only potential exception to the ordinary course nature of the February 2024 Bonus Payments concerns the timing of the payment, but the Examiner believes that this alone would be insufficient to negate the transferees' ordinary course of business defense to a transfer claim. When analyzing the timing of a potentially preferential transfer, "[t]he starting point—and often ending point—involves consideration of the average time of payment" where "the creditor must establish a 'baseline of dealings' between the parties in order to 'enable the court to compare the payment practices during the preference period with the prior course of dealing.'"[248] When it comes to the actual difference in timing, "a narrow band of difference is acceptable."[249]

As a starting point, the Bonus Plan instructs generally that payments are to be made "[the] February Immediately following [the] Plan Year" and does not provide a specific date upon which the bonus payments are required to be paid.[250] Over the past seven years, between 2016 and 2022, Weiss paid bonuses between February 16 and February 24.[251] In 2024, the bonuses were paid on the 12th.[252] While the payment on February 12th was the earliest of the historic payment dates, the Examiner does not believe that it was sufficiently outside of the historic payment process (four

---

247 For the same reasons, the 2022-23 Bonuses likewise were in the ordinary course of business.

248 *In re Fabrikant & Sons, Inc.*, No. 06–12737 (SMB) 2010 WL 4622449, at *3 (Bankr. S.D.N.Y. Nov. 4, 2010); *In re Schick*, 234 B.R. 337, 348 (Bankr. S.D.N.Y.1999).

249 *In re Cyberrebate.com, Inc.*, 296 B.R. 639, 643 (Bankr. E.D.N.Y. 2003) (reviewing various cases which determined the ranges of time that were either acceptable or unacceptable).

250 *See* Weiss Multi-Strategy Advisers LLC, Bonus Plan for Investment Professionals (2023), at 7.

251 Bonus pay dates 2016-2024.

252 *Id.*

days earlier then the earliest previous payment and eight days earlier than the mean bonus payment date) that it would negate the ordinary course of business defense.

The Examiner also believes that the February 2024 Bonuses would satisfy the objective test. The objective test "looks not to the specifics of the transaction between the debtor and the particular creditor, but rather focuses on the general practices in the industry."[253] In other words, the transfer "must comport with ordinary business terms used by similarly situated debtors and creditors faced with similar circumstances."[254] Based on information gained during the course of his investigation, research on hedge fund practices, and his experience and the experience of his team members, the Examiner believes that the methodology, calculation and amount of the bonuses was consistent with the general practice of the hedge fund industry (*see supra* § Part Four, III). This is particularly applicable to the portion of the February 2024 Bonus Payments related to investment professionals, which were directly tied to the profitability of individual strategies.

In contrast, the Examiner believes that there would be significant issues of disputed facts related to whether the REITs Retention Bonus would be entitled to an ordinary course of business defense. Weiss had no previous history of agreeing to retention bonuses and the REITs Retention Bonuses represented the first time that the company had agreed to make a payment of this nature. Further, the fact that the REITs Bonuses were agreed to and paid outside of the normal bonus process and cycle and against the backdrop of the unique [redacted] negotiations would further support an argument that the bonuses were not paid in the ordinary course transaction.

---

253 *In re Dewey*, WL 4746209, at *9.
254 *Id*.

iii. New Value Defense

As previously discussed, the Staff and Management Bonuses and Investment Professional Bonuses were not for new value, and would not fall under the Section 547(c)(4) defense.

As to the REIT's Retention Bonuses, there would be significant factual issues as to whether they would fall under this defense. While there is a presumption that new value exists when a transferee provides services that they had not previously performed, here the relevant employees were not contracting to provide new services but rather to continue in their existing role.[255] Additionally, courts will look to whether the "contractual arrangement was not negotiated at arm's length or that the payments were excessive as compared to the services rendered."[256] While the information gained during the Examiner's Investigation indicated the negotiation of the REITs Retention Bonuses was at arm's length, there is not clear evidence demonstrating the degree of new value provided by the REITs employees and a creditor could dispute whether the amount of the retention bonuses was excessive in light of the agreement to continue to provide the same services.[257]

SECTION SEVEN: RECOMMENDATIONS

The Examiner has concluded that the February 2024 Bonuses and the 2022-23 Bonuses paid to insiders were not intentional fraudulent transfers, constructive fraudulent transfers, or preferences. The Examiner accordingly believes that it would not be an efficient use of time or in the best interests of the Debtors' creditors to pursue claims against the Weiss transferees with

---

255 *See In re Enron Corp.*, 357 B.R. at 50; *In re 360networks (USA) Inc.*, 338 B.R. 194, 205 (Bankr. S.D.N.Y. 2005) (stating the legal principle that "new value is not provided if the contract party merely forbears from canceling or ceasing performance under a contract" but finding that the record is not sufficient to demonstrate whether the employees provided "new value").

256 *In re Dewey*, WL 4746209 at *9.

257 *See also In re Enron Corp*, 01-16034-AJG, 2005 WL 6237551 (Bankr. S.D. Tex. 2005); *cf. In re Dearborn*, 583 B.R. at 424-25 (holding that when the debtor is an insider, there is no presumption that the value of the transferee's services equals the price of the contract and thus the transferee must prove the value of their services).

respect to these payments. Conversely, the Examiner has concluded that there are viable avoidance claims concerning the REITs Retention Bonuses, and specifically the payment to REITs Portfolio Manager Ron Lior.

Premised on the analysis contained in this Report, the Examiner believes that the most efficient path for the resolution of these claims is through prompt mediation, ideally commenced within 30 days of the issuance of this Report. The Examiner is hopeful that such a mediation could be conducted on a consensual basis, but to the extent that the relevant parties are unable to agree on a mediator or a mediation process, the Examiner believes a Court-directed mediation conducted by a sitting or retired bankruptcy judge would prove beneficial. In any event, the Debtors and the transferees should enter the mediation with a reasonable expectation of settlement based on the analysis contained in this Report.

The Examiner further recommends that the Debtors include the Jefferies Parties as a consultation party in the mediation process. While the ultimate decision on any potential settled outcome would be held by the Debtors, subject to the Court's approval under the standards set forth by FRBP 9019 and related case law, the Examiner believes that consultation between the Debtors and Jefferies would assist in achieving a successfully mediated outcome.

The Examiner believes that mediation should be conducted on an expedited and streamlined basis with the parties submitting short letter briefs to address their positions, but otherwise relying on the factual and legal framework provided by this Report. The Examiner's intent is that this approach would result in the complete resolution of the issues related to the REITs Retention Bonuses within a month of the appointment of a mediator. Overall, the Examiner's recommendations are informed by the Examiner's belief that litigation would bring unnecessary cost and delay to the estate and to the transferees, along with the risk of equally unnecessary

reputational harm to the transferees of a public airing of compensation issues. The Examiner is of the view that these claims will enhance creditor recoveries if they are resolved in a prompt, efficient manner.

Dated: New York, New York
November 21, 2024

Respectfully submitted,

By: _____
Christopher K. Kiplok
Chapter 11 Examiner

HUGHES HUBBARD & REED LLP
Dustin P. Smith
Jeffrey S. Margolin
Kiran H. Rosenkilde
One Battery Park Plaza
New York, New York 10004
Telephone: (212) 837-6000
Facsimile: (212) 422-4726
Email: dustin.smith@hugheshubbard.com
jeff.margolin@hugheshubbard.com
kiran.rosenkilde@hugheshubbard.com

*Counsel to the Examiner**

* *Adam G. Guttentag (Not Yet Admitted) also assisted in the preparation of this Report.*

Exhibit 1

Weiss February Compensation and Bonus History 2021-2024

		2021 (paid in 2022)				2022 (paid in 2023)				2023 (paid in 2024)			
Name	Department	Base Pay	Staff and Mgmt Bonuses	Contractual Bonus Plan	Other Bonuses	Base Pay	Staff and Mgmt Bonuses	Contractual Bonus Plan	Other Bonuses	Base Bay	Staff and Mgmt Bonuses	Contractual Bonus Plan	Other Bonuses
[redacted]	Administrative Support									[redacted]	[redacted]		
[redacted]	Administrative Support	[redacted]				[redacted]	[redacted]			[redacted]	[redacted]		
[redacted]	Administrative Support		[redacted]	[redacted]				[redacted]				[redacted]	
[redacted]	Administrative Support												
[redacted]	Administrative Support	[redacted]	[redacted]			[redacted]				[redacted]			
[redacted]	Compliance	[redacted]	[redacted]			[redacted]	[redacted]			[redacted]	[redacted]		
[redacted]	Compliance					[redacted]	[redacted]			[redacted]	[redacted]		
[redacted]	Compliance	[redacted]	[redacted]			[redacted]	[redacted]			[redacted]			
[redacted]	Executive Support	[redacted]	[redacted]			[redacted]	[redacted]			[redacted]	[redacted]		
[redacted]	HR/Office Support	[redacted]	[redacted]			[redacted]	[redacted]			[redacted]	[redacted]		
[redacted]	Financial Accounting	[redacted]	[redacted]			[redacted]	[redacted]			[redacted]	[redacted]		
[redacted]	Financial Accounting	[redacted]	[redacted]			[redacted]	[redacted]			[redacted]	[redacted]		
[redacted]	Financial Accounting	[redacted]	[redacted]			[redacted]	[redacted]			[redacted]	[redacted]		
[redacted]	Financial Accounting	[redacted]	[redacted]			[redacted]	[redacted]			[redacted]	[redacted]		
[redacted]	Financial Reporting	[redacted]	[redacted]			[redacted]	[redacted]			[redacted]	[redacted]		
[redacted]	Fund Accounting	[redacted]	[redacted]			[redacted]	[redacted]			[redacted]	[redacted]		
[redacted]	Fund Accounting	[redacted]	[redacted]			[redacted]	[redacted]			[redacted]	[redacted]		
[redacted]	Fund Accounting					[redacted]	[redacted]			[redacted]	[redacted]		
[redacted]	Fund Accounting	[redacted]	[redacted]			[redacted]	[redacted]			[redacted]	[redacted]		
[redacted]	Tax Accounting	[redacted]	[redacted]			[redacted]	[redacted]		[redacted]	[redacted]	[redacted]		
[redacted]	Tax Accounting	[redacted]	[redacted]			[redacted]	[redacted]			[redacted]	[redacted]		
[redacted]	Infrastructure	[redacted]	[redacted]			[redacted]	[redacted]			[redacted]	[redacted]		
[redacted]	Infrastructure	[redacted]	[redacted]			[redacted]	[redacted]			[redacted]	[redacted]		
[redacted]	Infrastructure	[redacted]	[redacted]			[redacted]	[redacted]			[redacted]	[redacted]		
[redacted]	Infrastructure	[redacted]	[redacted]			[redacted]	[redacted]			[redacted]	[redacted]		
[redacted]	Infrastructure									[redacted]	[redacted]	[redacted]	
[redacted]	Infrastructure	[redacted]	[redacted]			[redacted]	[redacted]			[redacted]	[redacted]		
[redacted]	Project Delivery									[redacted]	[redacted]		
[redacted]	Project Delivery	[redacted]	[redacted]			[redacted]	[redacted]			[redacted]	[redacted]		
[redacted]	Strategic Business Initiatives	[redacted]	[redacted]			[redacted]	[redacted]		[redacted]	[redacted]	[redacted]		
[redacted]	Software Developers	[redacted]	[redacted]			[redacted]	[redacted]			[redacted]	[redacted]		
[redacted]	Software Developers	[redacted]	[redacted]			[redacted]	[redacted]			[redacted]	[redacted]		
[redacted]	Software Developers	[redacted]	[redacted]			[redacted]	[redacted]			[redacted]	[redacted]		
[redacted]	Software Developers	[redacted]	[redacted]			[redacted]	[redacted]			[redacted]	[redacted]		
[redacted]	Software Developers	[redacted]	[redacted]			[redacted]	[redacted]			[redacted]	[redacted]		
[redacted]	Software Developers	[redacted]	[redacted]			[redacted]	[redacted]			[redacted]	[redacted]		
[redacted]	Operations	[redacted]	[redacted]			[redacted]	[redacted]	[redacted]		[redacted]	[redacted]	[redacted]	
[redacted]	Operations					[redacted]	[redacted]			[redacted]	[redacted]	[redacted]	
[redacted]	Operations	[redacted]	[redacted]			[redacted]	[redacted]	[redacted]		[redacted]	[redacted]	[redacted]	
[redacted]	Operations	[redacted]	[redacted]			[redacted]	[redacted]	[redacted]		[redacted]	[redacted]	[redacted]	
[redacted]	Operations	[redacted]	[redacted]			[redacted]	[redacted]	[redacted]		[redacted]	[redacted]	[redacted]	
[redacted]	Operations	[redacted]	[redacted]			[redacted]	[redacted]	[redacted]		[redacted]	[redacted]	[redacted]	
[redacted]	Operations					[redacted]	[redacted]	[redacted]		[redacted]	[redacted]	[redacted]	
[redacted]	Operations	[redacted]	[redacted]			[redacted]	[redacted]	[redacted]		[redacted]	[redacted]	[redacted]	
[redacted]	Operations	[redacted]	[redacted]			[redacted]							
Archer, Pierce	Management	$250,000	$650,000			$250,000	$500,000			$250,000	$500,000		
Breen, Steven	Management	$250,000	$520,000			$250,000	$495,000			$250,000	$500,000		
Crowell, Scott	Management	$175,000	$175,000			$183,000	$160,000			$183,000	$160,000		
Dillabough, Jeffrey	Management	$250,000	$700,000			$250,000	$550,000			$300,000	$550,000		
Edwards, Michael	Management	$250,000	$500,000			$250,000	$500,000			$250,000	$500,000		
[redacted]	Management	[redacted]	[redacted]			[redacted]	[redacted]		[redacted]	[redacted]	[redacted]		
[redacted]	Management	[redacted]				[redacted]				[redacted]			
Lanzoni, Michele	Management	$220,000	$200,000			$250,000	$190,000			$250,000	$190,000		
[redacted]	Management	[redacted]	[redacted]			[redacted]	[redacted]	[redacted]		[redacted]	[redacted]		
[redacted]	Management					[redacted]	[redacted]			[redacted]	[redacted]	[redacted]	
Stearns, Victoria	Management	$200,000	$100,000			$207,000	$95,000			$207,000	$100,000		
Visser, Jordi	Management	$1,000,000	$500,000		$111,390	$1,000,000	$400,000		$220,268	$1,000,000	$300,000		
[redacted]	Management	[redacted]	[redacted]			[redacted]							

Weiss February Compensation and Bonus History 2021-2024

		2021 (paid in 2022)				2022 (paid in 2023)				2023 (paid in 2024)			
Name	Department	Base Pay	Staff and Mgmt Bonuses	Contractual Bonus Plan	Other Bonuses	Base Pay	Staff and Mgmt Bonuses	Contractual Bonus Plan	Other Bonuses	Base Bay	Staff and Mgmt Bonuses	Contractual Bonus Plan	Other Bonuses
Hopkins, David	Risk Management	$250,000	$175,000			$250,000	$200,000			$250,000	$250,000		
[redacted]	Risk Management									[redacted]	[redacted]		
[redacted]	Risk Management	[redacted]	[redacted]			[redacted]	[redacted]			[redacted]			
[redacted]	Investment Solutions					[redacted]	[redacted]	[redacted]		[redacted]	[redacted]		
[redacted]	Investment Solutions					[redacted]	[redacted]			[redacted]			
[redacted]	Marketing	[redacted]	[redacted]			[redacted]	[redacted]			[redacted]	[redacted]		
[redacted]	Marketing	[redacted]	[redacted]			[redacted]	[redacted]			[redacted]	[redacted]		
[redacted]	Marketing	[redacted]	[redacted]			[redacted]	[redacted]			[redacted]	[redacted]		
[redacted]	Marketing	[redacted]	[redacted]			[redacted]	[redacted]			[redacted]			
[redacted]	Marketing	[redacted]	[redacted]			[redacted]	[redacted]			[redacted]			
[redacted]	Marketing	[redacted]	[redacted]			[redacted]	[redacted]			[redacted]			
[redacted]	Portfolio Finance	[redacted]	[redacted]			[redacted]	[redacted]	[redacted]		[redacted]	[redacted]	[redacted]	
[redacted]	Centralized Trading Desk	[redacted]	[redacted]	[redacted]		[redacted]				[redacted]			
[redacted]	Centralized Trading Desk	[redacted]	[redacted]			[redacted]							
[redacted]	Other				[redacted]								
[redacted]	Other				[redacted]								
[redacted]	Other												
[redacted]	Other				[redacted]								
[redacted]	Investment Professionals	[redacted]		[redacted]		[redacted]							
[redacted]	Investment Professionals	[redacted]		[redacted]				[redacted]		[redacted]			
[redacted]	Investment Professionals	[redacted]		[redacted]		[redacted]				[redacted]			
[redacted]	Investment Professionals											[redacted]	
Betten, David	Investment Professionals	$250,000		$3,484,290		$250,000				$250,000			
[redacted]	Investment Professionals	[redacted]		[redacted]		[redacted]				[redacted]			
[redacted]	Investment Professionals							[redacted]		[redacted]			
[redacted]	Investment Professionals	[redacted]		[redacted]		[redacted]		[redacted]		[redacted]			[redacted]
[redacted]	Investment Professionals									[redacted]		[redacted]	
[redacted]	Investment Professionals	[redacted]				[redacted]		[redacted]		[redacted]			
[redacted]	Investment Professionals	[redacted]		[redacted]		[redacted]		[redacted]		[redacted]			
[redacted]	Investment Professionals	[redacted]		[redacted]		[redacted]		[redacted]		[redacted]			
[redacted]	Investment Professionals									[redacted]		[redacted]	
[redacted]	Investment Professionals	[redacted]		[redacted]						[redacted]			
[redacted]	Investment Professionals					[redacted]		[redacted]		[redacted]		[redacted]	
[redacted]	Investment Professionals	[redacted]		[redacted]		[redacted]		[redacted]		[redacted]			
[redacted]	Investment Professionals	[redacted]		[redacted]		[redacted]		[redacted]		[redacted]		[redacted]	
[redacted]	Investment Professionals									[redacted]			
[redacted]	Investment Professionals	[redacted]		[redacted]		[redacted]		[redacted]		[redacted]			
[redacted]	Investment Professionals	[redacted]		[redacted]		[redacted]		[redacted]		[redacted]			
[redacted]	Investment Professionals											[redacted]	
[redacted]	Investment Professionals	[redacted]		[redacted]		[redacted]		[redacted]		[redacted]			
[redacted]	Investment Professionals	[redacted]		[redacted]		[redacted]		[redacted]		[redacted]			
[redacted]	Investment Professionals									[redacted]		[redacted]	
[redacted]	Investment Professionals												
[redacted]	Investment Professionals												
Lior, Ron	Investment Professionals	$250,000		$2,037,446		$250,000		$722,276		$250,000		$1,502,140	
[redacted]	Investment Professionals				[redacted]	[redacted]		[redacted]		[redacted]		[redacted]	
[redacted]	Investment Professionals	[redacted]				[redacted]		[redacted]		[redacted]			
[redacted]	Investment Professionals	[redacted]		[redacted]		[redacted]				[redacted]			
[redacted]	Investment Professionals	[redacted]		[redacted]		[redacted]				[redacted]			
[redacted]	Investment Professionals					[redacted]		[redacted]		[redacted]			
[redacted]	Investment Professionals	[redacted]		[redacted]		[redacted]		[redacted]		[redacted]			
[redacted]	Investment Professionals					[redacted]		[redacted]		[redacted]			[redacted]
[redacted]	Investment Professionals	[redacted]		[redacted]		[redacted]		[redacted]		[redacted]		[redacted]	
[redacted]	Investment Professionals	[redacted]		[redacted]		[redacted]		[redacted]		[redacted]			
[redacted]	Investment Professionals	[redacted]		[redacted]		[redacted]		[redacted]		[redacted]			
[redacted]	Investment Professionals	[redacted]		[redacted]		[redacted]		[redacted]		[redacted]		[redacted]	

Weiss February Compensation and Bonus History 2021-2024

		2021 (paid in 2022)				2022 (paid in 2023)				2023 (paid in 2024)			
Name	**Department**	**Base Pay**	**Staff and Mgmt Bonuses**	**Contractual Bonus Plan**	**Other Bonuses**	**Base Pay**	**Staff and Mgmt Bonuses**	**Contractual Bonus Plan**	**Other Bonuses**	**Base Bay**	**Staff and Mgmt Bonuses**	**Contractual Bonus Plan**	**Other Bonuses**
[redacted]	Investment Professionals					[redacted]			[redacted]	[redacted]			[redacted]
[redacted]	Investment Professionals	[redacted]		[redacted]		[redacted]		[redacted]		[redacted]		[redacted]	
[redacted]	Investment Professionals									[redacted]		[redacted]	
[redacted]	Investment Professionals	[redacted]				[redacted]		[redacted]		[redacted]			
[redacted]	Investment Professionals	[redacted]				[redacted]		[redacted]		[redacted]			
[redacted]	Investment Professionals									[redacted]		[redacted]	
[redacted]	Investment Professionals	[redacted]				[redacted]				[redacted]			
[redacted]	Investment Professionals	[redacted]				[redacted]			[redacted]	[redacted]			
[redacted]	Investment Professionals	[redacted]		[redacted]		[redacted]		[redacted]		[redacted]			
[redacted]	Investment Professionals	[redacted]		[redacted]		[redacted]				[redacted]			
[redacted]	Investment Professionals				[redacted]	[redacted]			[redacted]	[redacted]			
Wright L, Lundy	Investment Professionals	$250,000		$201,764		$250,000		$1,962,100		$250,000			
[redacted]	Investment Professionals	[redacted]		[redacted]		[redacted]		[redacted]		[redacted]		[redacted]	
[redacted]	Investment Professionals	[redacted]				[redacted]				[redacted]		[redacted]	[redacted]
Sub Total:		[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Total Bonus Payments					[redacted]				[redacted]				[redacted]