

**KLESTADT WINTERS JURELLER
SOUTHARD & STEVENS, LLP**

200 West 41st Street, 17th Floor

New York, NY 10036

Telephone: (212) 972-3000

Facsimile: (212) 972-2245

Tracy L. Klestadt

John E. Jureller, Jr.

Lauren C. Kiss

Stephanie R. Sweeney

**Hearing Date: April 17, 2025 at 2:00 p.m.
(Eastern Time)**

**Objection Deadline: April 10, 2025 at 4:00
p.m. (Eastern Time)**

*Counsel to the Debtors and Debtors-in-
Possession*

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

-----X

In re

WEISS MULTI-STRATEGY ADVISERS
LLC, *et al.*,¹

Debtors.

-----X

Chapter 11

Case No. 24-10743 (MG)

(Jointly Administered)

**DEBTORS' MOTION FOR ENTRY OF AN ORDER, PURSUANT TO BANKRUPTCY
RULE 9019, AUTHORIZING AND APPROVING THE PROPOSED
STIPULATION OF SETTLEMENT BETWEEN
THE DEBTORS AND THE REIT GROUP INDIVIDUALS**

Weiss Multi-Strategy Advisers LLC and its affiliated debtors (collectively, the “Debtors”), as debtors and debtors in possession in the above-referenced chapter 11 cases (the “Chapter 11 Cases”), by and through their undersigned counsel, as and for their motion (the “Motion”) for entry of an order, pursuant to Rule 9019 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), authorizing and approving the Stipulation of Settlement between the Debtors and each of

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.

Ron Lior (“Lior”), Nicholas Morris (“Morris”) and Timothy Yam (“Yam”, and with Lior and Morris as the “REIT Group Individuals”, and each a “REIT Group Individual”) (the “Stipulation”, attached to the Dillabough Decl. (defined below) as **Exhibit B**), and state as follows.

In support of the Motion, the Debtors submit the Declaration of Jeffrey Dillabough, General Counsel and Chief Compliance Officer, dated March 20, 2025 (“Dillabough Decl.”, attached hereto as **Exhibit A**). A copy of the proposed Order approving the Motion is attached to the Dillabough Decl. as **Exhibit A**.

JURISDICTION AND VENUE

1. This Court has jurisdiction to consider this matter pursuant to 28 U.S.C. §§ 157 and 1334. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409. This matter is a core proceeding pursuant to 28 U.S.C. § 157(b).

2. The statutory predicates for the relief requested herein is Bankruptcy Rule 9019.

PROCEDURAL BACKGROUND

3. On April 29, 2024 (the “Petition Date”), Weiss Multi-Strategy Advisers LLC (“WMSA”), GWA, LLC (“GWA”), OGI Associates LLC (“OGI”), and Weiss Special Operations LLC (“WSO”) commenced with this Court voluntary cases under chapter 11 of the Bankruptcy Code. Weiss Multi-Strategy Funds LLC (“WMSF”) filed its chapter 11 petition on June 19, 2024.

4. The Debtors continue to operate their businesses as debtors and debtors-in-possession.

5. To date, no trustee has been appointed for the Debtors or their estates.

Employment Agreements and Retention Bonus Payments.

6. On or about December 14, 2023, WMSA and Lior entered into that certain Employment Agreement, whereby, *inter alia*, subject to the terms and conditions thereof Lior

agreed to continue to be employed by WMSA, and WMSA agreed to pay Lior a Retention Bonus (as defined therein) of \$1 million in a lump sum in the month of January 2024 (“Lior Employment Agreement”).

7. On or about December 15, 2023, WMSA and Morris entered into that certain Employment Agreement, whereby, *inter alia*, subject to the terms and conditions thereof Morris agreed to continue to be employed by WMSA, and WMSA agreed to pay Morris a Retention Bonus (as defined therein) of \$1 million in a lump sum in the month of January 2024 (“Morris Employment Agreement”).

8. On or about December 15, 2023, WMSA and Yam entered into that certain Employment Agreement, whereby, *inter alia*, subject to the terms and conditions thereof Yam agreed to continue to be employed by WMSA, and WMSA agreed to pay Yam a Retention Bonus (as defined therein) of \$1 million in a lump sum in the month of January 2024 (“Yam Employment Agreement”, and with Lior Employment Agreement and Morris Employment Agreement, the “Employment Agreements”).

9. Pursuant to the terms of the Employment Agreements, as applicable, WMSA paid each of the REIT Group Individuals their respective \$1 million Retention Bonus (collectively, the “Retention Bonuses”) under the Employment Agreements in January 2024.

10. WMSA’s schedules identify certain priority and non-priority general unsecured claims for each of the REIT Group Individuals, as follows:

Lior: \$15,150 priority unsecured claim (for deferred bonus); \$626,129.07 contingent general unsecured claim; and \$418,073.71 general unsecured claim.

Morris: \$15,150 priority unsecured claim (for deferred bonus); \$371,781.83 contingent general unsecured claim; and \$236,605.71 general unsecured claim;

Yam: \$15,150 priority unsecured claim (for deferred bonus); \$535,528.27 contingent general unsecured claim; and \$367,603.66 general unsecured claim.

(collectively, the “REIT Group Scheduled Claims”);

The Appointment of the Examiner and the Examiner's Report.

11. On July 15, 2024, the Debtors filed *Debtors' Motion for Entry of an Order Pursuant to 11 U.S.C. § 1104(c) Directing the Appointment of an Examiner* (the "Examiner Motion"), seeking the appointment of a chapter 11 trustee pursuant to section 1104(a)(2) of the Bankruptcy Code [ECF No 135].

12. On August 15, 2024, the Bankruptcy Court entered an Order granting the Examiner Motion ("Examiner Order") [ECF No. 173]. The Examiner Order provided that the scope (the "Scope") of the Examiner's Investigation shall be to investigate and analyze the Debtors' compensation and bonus payments made in February 2024, as well as any other transfers made by the Debtors to the Debtors' insiders, and to determine:

- a. whether the payments or transfers were consistent with the relevant contractual obligations, business history and industry standards;
- b. whether the payments or transfers were made in the ordinary course of the Debtors' businesses;
- c. whether the Debtors have any viable causes of action for avoidance of the payments or transfers; and
- d. to report and recommend a course of action, if any, related to the avoidance and recovery of any of the payments or transfers.

13. On August 20, 2024, the U.S. Trustee filed its Notice of Appointment of an Examiner [ECF No. 177], appointing Christopher K. Kiplok as the examiner ("Examiner"). By Order dated August 20, 2024, the Bankruptcy Court approved the appointment of the Examiner [ECF No. 179].

14. On November 21, 2024, the Examiner filed *Report of Christopher K. Kiplok, Examiner* ("Examiner's Report") [ECF No. 269 (redacted)], which report identified potential causes of action alleging constructive fraudulent transfers against the REIT Group Individuals and a preferential transfer (as to Lior) regarding the Retention Bonuses paid to the REIT Group Individuals in January 2024. As per the Examiner's Report, the Examiner recommended mediation take place to resolve any potential causes of action.

15. The REIT Group Individuals have disputed the merits of any potential causes of action identified in the Examiner's Report and have asserted numerous defenses thereto and also potential direct claims against the Debtors;

16. In an effort to resolve this matter, and in furtherance of the recommendation in the Examiner's Report, the Parties agreed to mediate this matter. The parties then selected Hon. Robert E. Gerber (retired) as the Mediator. During the 8.5 hour mediation session on March 12, 2025 whereby all Parties participated and negotiated in good faith, the Parties agreed to a full settlement of all claims asserted against the other Parties, subject to approval by the Bankruptcy Court after notice thereof;

17. By way of summary, the Stipulation provides for the following²:

Effectiveness of this Stipulation. This Stipulation shall be effective and binding upon the Parties upon (i) execution by the Parties and (ii) the entry of an order by the Bankruptcy Court that is final and non-appealable (the "Final Order") approving the terms of the Stipulation (the "Effective Date"), and all of the terms, conditions, and provisions hereof shall be binding upon and inure to the benefit of the Parties hereto, their respective agents, representatives, successors, and assigns. The Stipulation is subject to Bankruptcy Court approval. In the event the Bankruptcy Court declines to enter an order approving this Stipulation or such order is reversed on appeal, the Stipulation shall be deemed to have no force and effect, without prejudice to the Parties.

Settlement Payment; Waiver of Claims. In full and final satisfaction of any and all claims asserted by and between the Parties as against the others, the REIT Group Individuals, collectively and in the aggregate, agree to pay, and the Debtors hereby agree to accept, the sum of \$1,000,000.00 ("Settlement Amount"). Without limiting the foregoing, the REIT Group Individuals shall have the right to decide the amount of each REIT Group Individual's contribution and payment towards the Settlement Amount so long as the aggregate totals the Settlement Amount. Not later than fourteen (14) days after the Effective Date, the REIT Group Individuals shall forthwith pay the Settlement Amount to the Debtors.

Upon the occurrence of the Effective Date, the Parties shall each be deemed to have waived any and all claims against the other Parties hereto, including, without limitation, the REIT Group Scheduled Claims and any claims identified in the Examiner's Report.

² For the purposes of this Motion, and for ease of reference, a summary of the Stipulation's terms is set forth below. This summary does not alter, amend or supplement the terms set forth in the Stipulation. To the extent there is any express or implied conflict between the terms of the Stipulation and the description contained herein, the terms of the Stipulation control.

Releases. Subject to the entry of a Final Order and upon the payment of the Settlement Amount and except for any other obligations under this Stipulation, the Debtors and the REIT Group Individuals, on behalf of themselves, their respective predecessors, successors, affiliates, and assigns, and its and their respective past, present, and future officers, directors, shareholders, interest holders, members, partners, attorneys, agents, employees, managers, representatives, assigns, and successors in interest, and all persons acting by, through, under, or in concert with them, and each of them, hereby release the other Parties, and their respective affiliates, officers, directors, members, predecessors, successors and assigns (including any trustee or other legal representative of the Debtors appointed in the Bankruptcy Cases), agents, attorneys, and representatives, from and against any and all liens, claims, demands, obligations, liabilities and causes of action, whether known or unknown, foreseen or unforeseen, matured or unmatured, existing or hereafter arising, in law, equity, contract, tort, or otherwise which they had, ever had, or may or could have had against the other Parties, including, without limitation, any claims related to the Employment Agreements, the Retention Bonuses, the REIT Group Scheduled Claims, the claims described in the Examiner's Report, and any other claim that was or could have been asserted at any time, by and among the Parties, in the Bankruptcy Cases or otherwise.

No Admissions of Liability. This Stipulation has been entered into for settlement purposes only, and is not admissible in any action or proceeding except: (a) to enforce the expressed terms and conditions hereof, including payment pursuant hereto; and/or (b) as evidence of a full settlement and compromise between the Parties with respect to the subject matter of this Stipulation. The REIT Group Individuals' execution of this Stipulation shall not be deemed an admission on their part that they had any liability in connection with the claims asserted in the Examiner's Report or otherwise.

RELIEF REQUESTED

18. By this Motion, the Debtors seek entry of an order, pursuant to Bankruptcy Rule 9019(a), authorizing and approving the Stipulation and the terms and conditions contained therein, and determining that the settlement is fair and reasonable under the circumstances, that approval of the Stipulation is in the best interest of the Debtors' estate and their creditors, and that the Debtors' entry into the Stipulation is authorized by the Court.

BASIS FOR RELIEF

19. Bankruptcy Rule 9019 provides that "[o]n motion by the trustee and after notice and a hearing, the court may approve a compromise or settlement." FED. R. BANKR. P. 9019(a).

In ruling on a motion pursuant to Bankruptcy Rule 9019(a), the court must find that the proposed settlement is fair and equitable and is in the best interests of the estates. *Protective Comm. for Independent Stockholders of TMT Trailer Ferry, Inc. v. Anderson*, 390 U.S. 414, 424 (1968); *Ionosphere Clubs, Inc. v. American National Bank and Trust Co. of Chicago (In re Ionosphere Clubs, Inc.)*, 156 B.R. 414, 426 (S.D.N.Y. 1993), *aff'd* 17 F.3d 600 (2d Cir. 1994); *In re Schneider*, 2015 WL 1412364, *4-5, No. 14-CV-1166 (JMA) (E.D.N.Y. Mar. 26, 2015); *Fjord v. AMR Corp., et al. (In re AMR Corp.)*, 502 B.R. 23, 42 (Bankr. S.D.N.Y. 2013).

20. In order to reach such a decision, the Court must be apprised “of all facts necessary for an intelligent and objective opinion” of whether the claim will be successful, the likely expense, length and the degree of complexity of the litigation, the potential difficulties of collecting on a judgment, “and all other factors relevant to a full and fair assessment of the wisdom of the proposed compromise.” *TMT Trailer Ferry*, 390 U.S. at 424.

21. To constitute a fair and equitable compromise or settlement, the Court must find that the settlement does not “fall below the lowest point in the range of reasonableness.” *Cosoff v. Rodman (In re W.T. Grant Co.)*, 699 F. 2d 599, 608 (2d Cir. 1983); *In re Drexel Burnham Lambert Group, Inc.*, 138 B.R. 723, 758-59 (Bankr. S.D.N.Y. 1992); *In re Int’l Distribution Centers, Inc.*, 103 B.R. 420, 423 (Bankr. S.D.N.Y. 1989).

22. The Court should also consider the fair and reasonable course of action for the debtor’s estate, with the limited available assets, giving consideration to the interests of creditors and the avoidance of burdening the estate with undue waste or needless or fruitless litigation. *In re Del Gross*, 106 B.R. 165, 167-168 (Bankr. N.D. Ill. 1989); see also *In re Culmtech, Ltd.*, 118 B.R. 237, 238 (Bankr. M.D. Pa. 1990); *In re Lawrence & Erausguin, Inc.*, 124 B.R. 37, 38 (Bankr. N.D. Ohio 1990); *In re Bell & Beckwith*, 93 B.R. 569, 574-75 (Bankr. N.D. Ohio 1988).

23. The Court is not required to determine conclusively the merits of a claim subject to compromise or to find that a proposed settlement constitutes the best results obtainable. Instead, the Court should “canvass the issues and see whether the settlement falls below the lowest point in the range of reasonableness.” *In re Adelpia Communications Corp.*, 368 B.R. 140, 225 (Bankr. S.D.N.Y. 2007); see also *Cosoff v. Rodman (In re W.T. Grant Co.)*, 699 F.2d 599, 608 (2d Cir. 1983); *In re Schneider*, 2015 WL 1412364 at *4 (E.D.N.Y. Mar. 26, 2015); *In re Worldcom, Inc.*, 347 B.R. 123, 137 (Bankr. S.D.N.Y. 2006); *In re Drexel Burnham Lambert Group, Inc.*, 138 B.R. 723, 758-59 (Bankr. S.D.N.Y. 1992).

24. The Debtors believe in their business judgment that the Stipulation, and the terms and conditions contained therein, are fair and reasonable under the circumstances, and that approval of the Stipulation is in the best interest of the Debtors’ estate and their creditors.

25. Under the proposed settlement, the Debtors will receive an expedited payment of \$1,000,000, which will be vital to the Debtors’ ability to administer their estates in these Chapter 11 Cases and potentially confirm a liquidating plan, while also avoiding costly and time-consuming litigation to pursue potential causes of action identified by the Examiner’s Report. The anticipated legal fees to be borne by the Debtors’ estates could have reached hundreds of thousands of dollars, all of which have now been spared with a reasonable resolution at an early stage in the process.

26. Aside from the significant expenditure of legal fees and potentially expert witness costs, among other things, that would be incurred in the event of litigation, a settlement avoids the possibility that the REIT Group Individuals could have successfully advanced defenses to protect the alleged transfers from avoidance. Among other things, the REIT Group Individuals asserted there were numerous examples of reasonably equivalent value provided to the Debtors in exchange

for the Retention Bonuses, such that if the matter were to have been litigated, the Debtors would not have satisfied an essential element of section 548(b). This is especially the case, as the REIT Group Individuals asserted, the determination of “reasonably equivalent value” would need to be considered at the time of the transfer or incurrence of an obligation, not with 20/20 hindsight. The parties did not dispute that the continued retention of the high performing REIT Group was instrumental to the ongoing acquisition process at the time the Employment Agreements were signed. There was no evidence, according to the REIT Group Individuals, that the payments were not made in good faith, and as such, there was a possibility any recovery would be protected from avoidance under section 548(c).³ Although the Debtors believe, after extensive discovery, they could have overcome the defenses that were presented in the mediation process, the Debtors recognize that any one of the defenses, if proven, would result in dismissal of any adversary proceeding, at tremendous cost and delay. The settlement, on the other hand, results in a significant up-front seven figure settlement without any of the costs and risks associated with litigation, thereby paving the way towards a successful conclusion of these cases in a shorter period of time than would be the case if litigation were pursued (and was ultimately unsuccessful).

27. Lastly, aside from receipt of the \$1 million settlement payment, the settlement will also resolve the REIT Group Scheduled Claims against the Debtors’ estates in the aggregate sum of not less than \$2 million including over \$46,000 in priority claims, all relating to unpaid compensation. Further, as the settlement fully resolves any and all claims between the parties, the

³ Further, as to the alleged preferential transfer against Lior, such transfer occurred outside the 90 day period, and Lior vigorously contested he was an “insider” of the Debtors that would allow the Debtors to rely on the longer look-back period under section 547(b)(4)(B). In any event, Lior also argued that he would otherwise still maintain contemporaneous exchange for new value and subsequent new value defenses under sections 547(c)(1) and (4), respectively. Finally, as Lior was a highly sought after portfolio manager, he claims that the \$1 million Retention Bonus he received would be viewed as an ordinary course of business payment within the hedge fund industry under section 547(c)(2)(B).

settlement will also resolve any other direct claims the REIT Group Individuals may have had against the Debtors, either by way of indemnity, contribution or otherwise.

NOTICE

28. Notice of this Motion will be given to the parties set forth in Bankruptcy Rule 2002. The Debtors submit that such notice constitutes good and sufficient notice and that no other or further notice need be given.

NO PRIOR REQUEST

29. No previous application for the relief requested herein has been made to this or any other court.

[THE REST OF THIS PAGE IS INTENTIONALLY LEFT BLANK]

WHEREFORE, the Debtors respectfully requests that this Court enter an order granting the relief requested in the Motion, together with such other and further relief as the Court determines to be just and proper.

Dated: New York, New York
March 21, 2025

KLESTADT WINTERS JURELLER
SOUTHARD & STEVENS, LLP

By: /s/John E. Jureller, Jr.
Tracy L. Klestadt
John E. Jureller, Jr.
Lauren C. Kiss
Stephanie R. Sweeney
200 West 41st Street, 17th Floor
New York, NY 10036
(212) 972-3000

Attorneys for Debtors and Debtors-in-Possession

KLESTADT WINTERS JURELLER

SOUTHARD & STEVENS, LLP

200 West 41st Street, 17th Floor

New York, NY 10036

Telephone: (212) 972-3000

Facsimile: (212) 972-2245

Tracy L. Klestadt

John E. Jureller, Jr.

Lauren C. Kiss

Stephanie R. Sweeney

Counsel to the Debtors and Debtors-in-Possession

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

-----X

In re

WEISS MULTI-STRATEGY ADVISERS
LLC, *et al.*,¹

Chapter 11

Case No. 24-10743 (MG)

Debtors.

(Jointly Administered)

-----X

**DECLARATION OF JEFFREY DILLABOUGH IN SUPPORT
OF DEBTORS' MOTION FOR ENTRY OF AN ORDER, PURSUANT
TO BANKRUPTCY RULE 9019, AUTHORIZING AND APPROVING
THE PROPOSED STIPULATION OF SETTLEMENT BETWEEN
THE DEBTORS AND THE REIT GROUP INDIVIDUALS**

I, Jeffrey Dillabough, being duly sworn, state the following under penalty of perjury:

1. I am the General Counsel and Chief Compliance Office of the above-captioned debtors and debtors-in-possession (collectively, the "Debtors").

2. I submit this declaration (this "Declaration") in support of the *Debtors' Motion for Entry of an order, pursuant to Bankruptcy Rule 9019, authorizing and approving the Stipulation*

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.

of Settlement between the Debtors and the REIT Group Individuals (the “Motion”).² A copy of the proposed Order approving the Motion is annexed hereto as **Exhibit A**. A copy of the proposed Stipulation of Settlement (“Stipulation”) is attached hereto as **Exhibit B**. Except as otherwise noted, I have personal knowledge of the matters set forth herein.

Employment Agreements and Retention Bonus Payments.

1. On or about December 14, 2023, WMSA and Lior entered into that certain Employment Agreement, whereby, *inter alia*, subject to the terms and conditions thereof Lior agreed to continue to be employed by WMSA, and WMSA agreed to pay Lior a Retention Bonus (as defined therein) of \$1 million in a lump sum in the month of January 2024 (“Lior Employment Agreement”).

2. On or about December 15, 2023, WMSA and Morris entered into that certain Employment Agreement, whereby, *inter alia*, subject to the terms and conditions thereof Morris agreed to continue to be employed by WMSA, and WMSA agreed to pay Morris a Retention Bonus (as defined therein) of \$1 million in a lump sum in the month of January 2024 (“Morris Employment Agreement”).

3. On or about December 15, 2023, WMSA and Yam entered into that certain Employment Agreement, whereby, *inter alia*, subject to the terms and conditions thereof Yam agreed to continue to be employed by WMSA, and WMSA agreed to pay Yam a Retention Bonus (as defined therein) of \$1 million in a lump sum in the month of January 2024 (“Yam Employment Agreement”, and with Lior Employment Agreement and Morris Employment Agreement, the “Employment Agreements”).

² Capitalized terms used but not otherwise defined herein shall have the meanings set forth in the Motion.

4. Pursuant to the terms of the Employment Agreements, as applicable, WMSA paid each of the REIT Group Individuals their respective \$1 million Retention Bonus (collectively, the “Retention Bonuses”) under the Employment Agreements in January 2024.

5. WMSA’s schedules identify certain priority and non-priority general unsecured claims for each of the REIT Group Individuals, as follows:

Lior: \$15,150 priority unsecured claim (for deferred bonus); \$626,129.07 contingent general unsecured claim; and \$418,073.71 general unsecured claim.

Morris: \$15,150 priority unsecured claim (for deferred bonus); \$371,781.83 contingent general unsecured claim; and \$236,605.71 general unsecured claim;

Yam: \$15,150 priority unsecured claim (for deferred bonus); \$535,528.27 contingent general unsecured claim; and \$367,603.66 general unsecured claim.

(collectively, the “REIT Group Scheduled Claims”);

The Appointment of the Examiner and the Examiner’s Report.

6. On July 15, 2024, the Debtors filed *Debtors’ Motion for Entry of an Order Pursuant to 11 U.S.C. § 1104(c) Directing the Appointment of an Examiner* (the “Examiner Motion”), seeking the appointment of a chapter 11 trustee pursuant to section 1104(a)(2) of the Bankruptcy Code [ECF No 135].

7. On August 15, 2024, the Bankruptcy Court entered an Order granting the Examiner Motion (“Examiner Order”) [ECF No. 173]. The Examiner Order provided that the scope (the “Scope”) of the Examiner’s Investigation shall be to investigate and analyze the Debtors’ compensation and bonus payments made in February 2024, as well as any other transfers made by the Debtors to the Debtors’ insiders, and to determine:

- a. whether the payments or transfers were consistent with the relevant contractual obligations, business history and industry standards;
- b. whether the payments or transfers were made in the ordinary course of the Debtors’ businesses;
- c. whether the Debtors have any viable causes of action for avoidance of the payments or transfers; and
- d. to report and recommend a course of action, if any, related to the avoidance and recovery of any of the payments or transfers.

8. On August 20, 2024, the U.S. Trustee filed its Notice of Appointment of an Examiner [ECF No. 177], appointing Christopher K. Kiplok as the examiner ("Examiner"). By Order dated August 20, 2024, the Bankruptcy Court approved the appointment of the Examiner [ECF No. 179].

9. On November 21, 2024, the Examiner filed *Report of Christopher K. Kiplok, Examiner* ("Examiner's Report") [ECF No. 269 (redacted)], which report identified potential causes of action alleging constructive fraudulent transfers against the REIT Group Individuals and a preferential transfer (as to Lior) regarding the Retention Bonuses paid to the REIT Group Individuals in January 2024. As per the Examiner's Report, the Examiner recommended mediation take place to resolve any potential causes of action.

10. The REIT Group Individuals have disputed the merits of any potential causes of action identified in the Examiner's Report and have asserted numerous defenses thereto and also potential direct claims against the Debtors;

11. In an effort to resolve this matter, and in furtherance of the recommendation in the Examiner's Report, the Parties then selected Hon. Robert E. Gerber (retired) as the mediator. During the 8.5 hour mediation session on March 12, 2025 whereby all Parties participated and negotiated in good faith, the Parties agreed to a full settlement of all claims asserted against the other Parties, subject to approval by the Bankruptcy Court after notice thereof;

12. Pursuant to the terms of the Stipulation, the REIT Group Individuals have agreed to pay the aggregate sum of \$1,000,000, plus waive any claims against the Debtors' estates.

13. The Debtors believe in their business judgment that the Stipulation, and the terms and conditions contained therein, are fair and reasonable under the circumstances, and that approval of the Stipulation is in the best interest of the Debtors' estate and their creditors.

14. Under the proposed settlement, the Debtors will receive an expedited payment of \$1,000,000, which will be vital to the Debtors' ability to administer their estates in these Chapter

11 Cases and potentially confirm a liquidating plan, while also avoiding costly and time-consuming litigation to pursue potential causes of action identified by the Examiner's Report. The anticipated legal fees to be borne by the Debtors' estates could have reached hundreds of thousands of dollars, all of which have now been spared with a reasonable resolution at an early stage in the process.

15. Aside from the significant expenditure of legal fees and potentially expert witness costs, among other things, that would be incurred in the event of litigation, a settlement avoids the possibility that the REIT Group Individuals could have successfully advanced defenses to protect the alleged transfers from avoidance. Among other things, the REIT Group Individuals asserted there were numerous examples of reasonably equivalent value provided to the Debtors in exchange for the Retention Bonuses, such that if the matter were to have been litigated, the Debtors would not have satisfied an essential element of section 548(b). This is especially the case, as the REIT Group Individuals asserted, the determination of "reasonably equivalent value" would need to be considered at the time of the transfer or incurrence of an obligation, not with 20/20 hindsight. The parties did not dispute that the continued retention of the high performing REIT Group was instrumental to the ongoing acquisition process at the time the Employment Agreements were signed. There was no evidence, according to the REIT Group Individuals, that the payments were not made in good faith, and as such, there was a possibility any recovery would be protected from avoidance under section 548(c).³ Although the Debtors believe, after extensive discovery, they could have overcome the defenses that were presented in the mediation process, the Debtors

³ Further, as to the alleged preferential transfer against Lior, such transfer occurred outside the 90 day period, and Lior vigorously contested he was an "insider" of the Debtors that would allow the Debtors to rely on the longer look-back period under section 547(b)(4)(B). In any event, Lior also argued that he would otherwise still maintain contemporaneous exchange for new value and subsequent new value defenses under sections 547(c)(1) and (4), respectively. Finally, as Lior was a highly sought after portfolio manager, he claims that the \$1 million Retention Bonus he received would be viewed as an ordinary course of business payment within the hedge fund industry under section 547(c)(2)(B).

recognize that any one of the defenses, if proven, would result in dismissal of any adversary proceeding, at tremendous cost and delay. The settlement, on the other hand, results in a significant up-front seven figure settlement without any of the costs and risks associated with litigation, thereby paving the way towards a successful conclusion of these cases in a shorter period of time than would be the case if litigation were pursued (and was ultimately unsuccessful).

16. Lastly, aside from receipt of the \$1 million settlement payment, the settlement will also resolve the REIT Group Scheduled Claims against the Debtors' estates in the aggregate sum of not less than \$2 million including over \$46,000 in priority claims, all relating to unpaid compensation. Further, as the settlement fully resolves any and all claims between the parties, the settlement will also resolve any other direct claims the REIT Group Individuals may have had against the Debtors, either by way of indemnity, contribution or otherwise.

17. It is respectfully requested that the Motion be granted in all respects.

[Signature follows]

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge and belief.

Dated: March 20, 2025



Jeffrey Dillabough
General Counsel and Chief Compliance
Officer

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

-----X
In re

WEISS MULTI-STRATEGY ADVISERS
LLC, *et al.*,¹

Chapter 11

Case No. 24-10743 (MG)

Debtors.

(Jointly Administered)
-----X

**ORDER GRANTING DEBTORS' MOTION FOR ENTRY OF AN ORDER,
PURSUANT TO BANKRUPTCY RULE 9019, AUTHORIZING
AND APPROVING THE PROPOSED STIPULATION OF SETTLEMENT
BETWEEN THE DEBTORS AND THE REIT GROUP INDIVIDUALS**

Upon the motion (the "Motion")² of the Debtors for entry for entry of an order, pursuant to Rule 9019 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), authorizing and approving the Stipulation of Settlement between the Debtors and each of Ron Lior, Nicholas Morris and Timothy Yam (collectively, the "REIT Group Individuals"); and this Court having reviewed the Motion, the Declaration of Jeffrey Dillabough in Support of the Motion attached to the Motion as Exhibit A, and the Stipulation; and this Court having determined that the relief requested in the Motion is in the best interests of the Debtors, their estates, their creditors, and other parties in interest; and this Court having jurisdiction to consider the Motion and the relief requested therein in accordance with 28 U.S.C. § 157 and 1334; and consideration of the Motion and the relief requested therein being a core proceeding under 28 U.S.C. § 157(b)(2); and this Court having authority to enter a final order consistent with Article III of the United States Constitution; and venue being proper before this Court under 28 U.S.C. §§ 1408 and 1409; and it

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.

² Terms capitalized but not defined herein shall have the meanings assigned to them in the Motion.

appearing that proper adequate notice of the Motion has been given that no further notice is necessary; and upon the record of all of the proceedings before this Court; and after due deliberation thereon; and good and sufficient cause appearing therefore, it is hereby

ORDERED, ADJUDGED AND DECREED THAT:

1. The Motion is GRANTED as set forth herein.
2. Pursuant to Bankruptcy Rule 9019, the Debtors are authorized to enter into the Stipulation and the terms of the Stipulation are approved as fair, reasonable, and adequate, and the terms and conditions of the Stipulation are incorporated into this Order as if fully set forth herein.
3. The Debtors are authorized to enter into and perform, in accordance with this Order, their obligations under the Stipulation.
4. The contents of the Motion and the notice procedures set forth therein are good and sufficient notice and satisfy the Bankruptcy Rules, and no other or further notice of the Motion or the entry of this Order shall be required.
5. The Debtors are authorized and empowered to take such actions and to execute such documents as may be necessary or appropriate to implement the relief granted by this Order.
6. This Court shall retain jurisdiction with respect to all matters arising from or related to the implementation and/or interpretation of this Order.

Dated: April __, 2025

HONORABLE MARTIN GLENN
CHIEF UNITED STATES BANKRUPTCY JUDGE

STIPULATION OF SETTLEMENT

THIS STIPULATION (the “Stipulation”) is made and entered into as of March [], 2025 by and between Weiss Multi-Strategy Advisers LLC, a Connecticut limited liability company (“WMSA”), GWA, LLC, a Connecticut limited liability company (“GWA”), OGI Associates LLC, a Connecticut limited liability company (“OGI”), Weiss Special Operations LLC, a Delaware limited liability company (“WSPO”), and Weiss Multi-Strategy Funds LLC, a New York limited liability company (“WMSF”, and with WMSA, GWA, OGI and WSPO as the “Debtors”), each a debtor and debtor in possession, and Ron Lior (“Lior”), Nicholas Morris (“Morris”) and Timothy Yam (“Yam”, and with Lior and Morris collectively referred to as the “REIT Group Individuals” or each a “REIT Group Individual”) (REIT Group Individuals and the Debtors referred to as the “Parties” or each a “Party”).

RECITALS

WHEREAS, after months of arms-length negotiations, on or about December 14, 2023, WMSA and Lior entered into that certain Employment Agreement, whereby, *inter alia*, subject to the terms and conditions thereof, Lior agreed to continue to be employed by WMSA in accordance with the terms of such Employment Agreement, and WMSA agreed to pay Lior a Retention Bonus (as defined therein) of \$1 million in a lump sum in the month of January 2024 (“Lior Employment Agreement”);

WHEREAS, after months of arms-length negotiations, on or about December 15, 2023, WMSA and Morris entered into that certain Employment Agreement, whereby, *inter alia*, subject to the terms and conditions thereof, Morris agreed to continue to be employed by WMSA in accordance with the terms of such Employment Agreement, and WMSA agreed to pay Morris a Retention Bonus (as defined therein) of \$1 million in a lump sum in the month of January 2024 (“Morris Employment Agreement”);

WHEREAS, after months of arms-length negotiations, on or about December 15, 2023, WMSA and Yam entered into that certain Employment Agreement, whereby, *inter alia*, subject to the terms and conditions thereof, Yam agreed to continue to be employed by WMSA in accordance with the terms of such Employment Agreement, and WMSA agreed to pay Yam a Retention Bonus (as defined therein) of \$1 million in a lump sum in the month of January 2024 (“Yam Employment Agreement”, and with Lior Employment Agreement and Morris Employment Agreement, the “Employment Agreements”);

WHEREAS, pursuant to the terms of the Employment Agreements, as applicable, WMSA paid each of the REIT Group Individuals their respective \$1 million Retention Bonus (collectively, the “Retention Bonuses”) under the Employment Agreements in January 2024;

WHEREAS, on April 29, 2024 (the "Petition Date"), WMSA and certain of its affiliate debtors commenced voluntary cases under chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Southern District of New York ("Bankruptcy Court"), as jointly administered under Case No. 24-10743 (MG);

WHEREAS, WMSF filed its chapter 11 petition on June 19, 2024, which case was also jointly administered under Case No. 24-10743 (MG) (collectively, the "Bankruptcy Cases");

WHEREAS, WMSA's schedules identify certain priority and non-priority general unsecured claims for each of the REIT Group Individuals, as follows:

Lior: \$15,150 priority unsecured claim (for deferred bonus); \$626,129.07 contingent general unsecured claim; and \$418,073.71 general unsecured claim.

Morris: \$15,150 priority unsecured claim (for deferred bonus); \$371,781.83 contingent general unsecured claim; and \$236,605.71 general unsecured claim;

Yam: \$15,150 priority unsecured claim (for deferred bonus); \$535,528.27 contingent general unsecured claim; and \$367,603.66 general unsecured claim.

(collectively, the "REIT Group Scheduled Claims");

WHEREAS, on July 15, 2024, the Debtors filed *Debtors' Motion for Entry of an Order Pursuant to 11 U.S.C. § 1104(c) Directing the Appointment of an Examiner* (the "Examiner Motion"), seeking the appointment of an examiner pursuant to section 1104(a)(2) of the Bankruptcy Code [ECF No 135];

WHEREAS, on August 15, 2024, the Bankruptcy Court entered an Order granting the Examiner Motion ("Examiner Order") [ECF No. 173]. The Examiner Order provided that the scope (the "Scope") of the Examiner's Investigation shall be to investigate and analyze the Debtors' compensation and bonus payments made in February 2024, as well as any other transfers made by the Debtors to the Debtors' insiders, and to determine:

- a. whether the payments or transfers were consistent with the relevant contractual obligations, business history and industry standards;
- b. whether the payments or transfers were made in the ordinary course of the Debtors' businesses;
- c. whether the Debtors have any viable causes of action for avoidance of the payments or transfers; and
- d. to report and recommend a course of action, if any, related to the avoidance and recovery of any of the payments or transfers.

WHEREAS, on August 20, 2024, the U.S. Trustee filed its Notice of Appointment of an Examiner [ECF No. 177], appointing Christopher K. Kiplok as the examiner ("Examiner"). By

Order dated August 20, 2024, the Bankruptcy Court approved the appointment of the Examiner [ECF No. 179].

WHEREAS, on November 21, 2024, the Examiner filed the *Report of Christopher K. Kiplok, Examiner* ("Examiner's Report") [ECF No. 269 (redacted)], which report identified potential causes of action alleging constructive fraudulent transfers against the REIT Group Individuals and a preferential transfer (solely as to Lior) regarding the Retention Bonus paid to the REIT Group Individuals in January 2024.

WHEREAS, the REIT Group Individuals have disputed the potential causes of action identified in the Examiner's Report and have claimed certain defenses thereto and also potential direct claims against the Debtors;

WHEREAS, in an effort to resolve this matter, the Parties agreed to mediate this matter before Hon. Robert E. Gerber (retired), and during the mediation session on March 12, 2025 whereby all Parties participated and negotiated in good faith, the Parties agreed to a full settlement of all claims asserted against the other Parties, subject to approval by the Bankruptcy Court after notice thereof;

AGREEMENT

NOW THEREFORE, relying specifically on the foregoing recitals and in consideration of the mutual promises and covenants contained herein, the Parties hereby stipulate and agree as follows:

1. **Recitals Incorporated.** The recitals and precatory phrases and paragraphs set forth above are hereby incorporated in full and made a part of this Stipulation.
2. **Effectiveness of this Stipulation.** This Stipulation shall be effective and binding upon the Parties upon (i) execution by the Parties and (ii) the entry of an order by the Bankruptcy Court that is final and non-appealable (the "Final Order") approving the terms of the Stipulation (the "Effective Date"), and all of the terms, conditions, and provisions hereof shall be binding upon and inure to the benefit of the Parties hereto, their respective agents, representatives, successors, and assigns. The Stipulation is subject to Bankruptcy Court approval. In the event the Bankruptcy Court declines to enter an order approving this Stipulation or such order is reversed on appeal, the Stipulation shall be deemed to have no force and effect, without prejudice to the Parties.
3. **Settlement Payment; Waiver of Claims.** In full and final satisfaction of any and all claims asserted by and between the Parties as against the others, the REIT Group Individuals, collectively and in the aggregate, agree to pay, and the Debtors hereby agree to accept, the sum of \$1,000,000.00 ("Settlement Amount"). Without limiting the foregoing, the REIT Group Individuals shall have the right to decide the amount of each REIT Group Individual's contribution and payment towards the Settlement Amount so long as the aggregate totals the Settlement Amount. Not later than fourteen (14) days after the Effective Date, the REIT Group Individuals shall forthwith pay the Settlement Amount to the Debtors. The Settlement Amount shall be made to the attorney escrow

account of Debtors' counsel, Klestadt Winters Jureller Southard & Stevens, LLP, per the below wire instructions:

Bank: Flagstar Bank
Address: 950 Third Avenue NY, NY 10022
Attention: Marisol Figueroa
Tel.: (646) 822-1504
Routing #: 026013576
Swift code: signus33
A/C name: Klestadt Winters Jureller Southard & Stevens, LLP Escrow
Management Account
A/C #: 1500879870

Upon the occurrence of the Effective Date, the Parties shall each be deemed to have waived any and all claims against the other Parties hereto, including, without limitation, the REIT Group Scheduled Claims and any claims identified in the Examiner's Report.

4. **Releases.** Subject to the entry of a Final Order and upon the payment of the Settlement Amount and except for any other obligations under this Stipulation, the Debtors and the REIT Group Individuals, on behalf of themselves, their respective predecessors, successors, affiliates, and assigns, and its and their respective past, present, and future officers, directors, shareholders, interest holders, members, partners, attorneys, agents, employees, managers, representatives, assigns, and successors in interest, and all persons acting by, through, under, or in concert with them, and each of them, hereby release the other Parties, and their respective affiliates, officers, directors, members, predecessors, successors and assigns (including any trustee or other legal representative of the Debtors appointed in the Bankruptcy Cases), agents, attorneys, and representatives, from and against any and all liens, claims, demands, obligations, liabilities and causes of action, whether known or unknown, foreseen or unforeseen, matured or unmatured, existing or hereafter arising, in law, equity, contract, tort, or otherwise which they had, ever had, or may or could have had against the other Parties, including, without limitation, any claims related to the Employment Agreements, the Retention Bonuses, the REIT Group Scheduled Claims, the claims described in the Examiner's Report, and any other claim that was or could have been asserted at any time, by and among the Parties, in the Bankruptcy Cases or otherwise.

5. **Release of Unknown Claims.** Each Party acknowledges that there is a risk that subsequent to the execution of this Stipulation they will discover facts or discover, incur or suffer claims which were unknown or unsuspected at the time this Stipulation was executed, and which, if known by them, on the date this Stipulation is being executed, may have materially affected their decision to execute this Stipulation. Each Party acknowledges and agrees that by reason of this Stipulation they are assuming the risk of such unknown facts and such unknown and unsuspected claims and they intend and agree that this Stipulation applies thereto, notwithstanding the discovery or existence of any additional or different claims or facts relative thereto.

6. **No Admissions of Liability.** This Stipulation has been entered into for settlement purposes only, and is not admissible in any action or proceeding except: (a) to enforce the expressed

terms and conditions hereof, including payment pursuant hereto; and/or (b) as evidence of a full settlement and compromise between the Parties with respect to the subject matter of this Stipulation. The REIT Group Individuals' execution of this Stipulation shall not be deemed an admission on their part that they had any liability in connection with the claims asserted in the Examiner's Report or otherwise.

7. **Acknowledgements.** Each Party acknowledges that it has read and understands this Stipulation and that it has had the opportunity to consult with its attorneys before signing this Stipulation. Each Party agrees that no other consents or approvals are necessary for their entering into this Stipulation, and that there are no other restrictions for their entering into this Stipulation.

8. **Interpretation.** The Parties acknowledge and agree that this Agreement is the result of negotiations between the Parties and that neither Party shall be considered the drafter for purposes of any statute, case law or rule of interpretation that would or might cause any provision to be construed against the drafter.

9. **Entire Agreement; Modification.** This Stipulation constitutes the entire agreement between the Parties and overrides and replaces all prior negotiations and terms proposed or discussed, whether in writing or orally, about the subject matter hereof. No modification of this Stipulation shall be valid unless it is in writing identified as an amendment to the Stipulation and is signed by all Parties hereto or their counsel.

10. **Binding Effect.** This Stipulation shall be binding upon and inure to the benefit of the Parties and their respective representatives, legal representatives, agents, successors and assigns.

11. **Authority to Execute Agreement.** By signing below, each Party warrants and represents that the person signing this Agreement on its behalf has authority to bind that Party and that the Party's execution of this Agreement is not in violation of any by-law, covenants, and/or other restrictions placed upon them by their respective entities.

12. **Governing Law.** This Stipulation is governed by and shall be construed in accordance with the laws of the State of New York (or United States federal law, to the extent applicable), including any applicable statutes of limitation, without regard to any otherwise applicable principles of conflicts of law or choice of law rules (whether of the State of New York or any other jurisdiction) that would result in the application of the substantive or procedural rules or law of any other jurisdiction.

13. **Bankruptcy Court Jurisdiction.** The Bankruptcy Court shall retain jurisdiction to hear any disputes regarding this Stipulation. Nothing herein shall be deemed a waiver or the Bankruptcy Court's authority to hear disputes raised by this Stipulation or otherwise with respect to the Claim.

14. **Fees and Costs.** Each Party shall bear its own costs and expenses, including any and all legal and expert fees, incurred in connection with this Stipulation.

15. **Counterparts.** This Stipulation may be executed in multiple counterparts (including via facsimile or electronic mail), each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

SIGNATURE PAGES TO FOLLOW

IN WITNESS WHEREOF, the Parties sign this Stipulation as of the date first above referenced with the intent to be bound by its terms and conditions.

THE DEBTORS:

Dated: New York, New York

March __, 2025

WEISS MULTI-STRATGY ADVISERS
LLC

By: Jeffrey Dillabough
Jeffrey Dillabough

Title: General Counsel

Dated: New York, New York

March __, 2025

GWA, LLC

By: Jeffrey Dillabough
Jeffrey Dillabough

Title: General Counsel

Dated: New York, New York

March __, 2025

OGI ASSOCIATES LLC

By: Jeffrey Dillabough
Jeffrey Dillabough

Title: General Counsel

Dated: New York, New York

March __, 2025

WEISS SPECIAL OPERATIONS LLC

By: Jeffrey Dillabough
Jeffrey Dillabough

Title: General Counsel

Dated: New York, New York

March __, 2025

WEISS MULTI-STRATEGY FUND
LLC

By: Jeffrey Dillabough
Jeffrey Dillabough

Title: General Counsel

REIT GROUP INDIVIDUALS:

Dated: New York, New York
March 17, 2025



Ron Lior

Dated: New York, New York
March 17, 2025



Nicholas Morris

Dated: New York, New York
March __, 2025

Timothy Yam

REIT GROUP INDIVIDUALS:

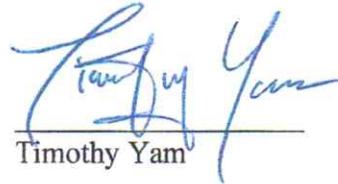
Dated: New York, New York
March __, 2025

Ron Lior

Dated: New York, New York
March __, 2025

Nicholas Morris

Dated: New York, New York
March __, 2025



Timothy Yam