

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

KATHERINE CONNOLLY (SBN 313640)
katie.connolly@nortonrosefulbright.com
NORTON ROSE FULBRIGHT US LLP
555 California Street, Suite 3300
San Francisco, CA 94140
Tel. (628) 231-6800

DANIEL MCNEEL LANE, JR. (*Pro Hac Vice*)
neel.lane@nortonrosefulbright.com
NORTON ROSE FULBRIGHT US LLP
111 W. Houston Street, Suite 1800
San Antonio, TX 78205
Tel. (210) 224-5575

JEANNIE NGUYEN (*Pro Hac Vice*)
jeannie.nguyen@nortonrosefulbright.com
NORTON ROSE FULBRIGHT US LLP
1301 McKinney, Suite 5100
Houston, Texas 77010-3095
Tel. (713) 651-5151

Attorneys for Plaintiff
HISCOX SYNDICATES LIMITED

**UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA**

HISCOX SYNDICATES LIMITED,
a Private Limited Company formed in
England,

Plaintiff,

vs.

SAMUEL BANKMAN-FRIED, NISHAD
SINGH, RAMNIK ARORA, CLAIRE
WATANABE, HOWARD ANDREW
FISHER, AMY WU, ZIXIAO (GARY)
WANG, RYAN SALAME, CAN SUN,
CONSTANCE ZHE WANG, LUK WAI
(JEN) CHAN, NATALIE TIEN, ZANE
TACKETT, ZHONGYUAN (DAVID)
MA, DANIEL FRIEDBERG, ROBIN
MATZKE, PATRICK GRUHN, ROSS
RHEINGANS-YOO, NICHOLAS
BECKSTEAD, and JONATHAN
CHEESMAN,

Defendants.

Case No. 4:23-cv-04033-HSG

**STIPULATION RESOLVING
INTERPLEADER ACTION**

Complaint Filed: 08/09/2023
First Am. Compl. 08/10/2023

1 Pursuant to Rule 7-1 of the Civil Local Rules of the United States District Court, Northern
2 District of California, Plaintiff Hiscox Syndicates Limited (“Plaintiff” or “Hiscox”) and
3 Defendants Samuel Bankman-Fried, Nishad Singh, Ramnik Arora, Claire Watanabe, Amy Wu,
4 Zixiao (Gary) Wang, Ryan Salame, Can Sun, Constance Zhe Wang, Luk Wai (Jen) Chan, Natalie
5 Tien, Zane Tackett, Daniel Friedberg, Robin Matzke, Patrick Gruhn, Ross Rheingans-Yoo,
6 Nicholas Beckstead, and Jonathan Cheesman (collectively the “Defendants”, together the
7 “Parties”)¹ hereby stipulate and request that the \$5,000,000.00 limits of the Hiscox insurance
8 policy that is the subject of this interpleader action (the “Hiscox Policy”) deposited into the
9 Registry of the Court (“Interpleader Funds”) shall be disbursed pursuant to the distribution plan
10 set forth below, and Plaintiff’s requests for interpleader relief in connection with the Excess
11 Insurance Policy No. B0146ERINT2201008 issued to Paper Bird Inc. (the “Hiscox Policy”) be
12 granted.

13 WHEREAS Plaintiff filed this interpleader action on August 9, 2023 (ECF No. 1);

14 WHEREAS Plaintiff filed an amended complaint (ECF No. 7) on August 10, 2023, against
15 Defendants, who were the known individual insureds with a potential interest in the proceeds of
16 the Hiscox Policy as of the time of filing;

17 WHEREAS the Hiscox Policy is the third-layer excess liability policy in Paper Bird Inc.’s
18 \$20 million tower of directors and officers liability insurance, and provides a \$5 million limit of
19 liability in excess of \$15 million in aggregate limits of underlying insurance comprising of a
20 primary policy issued by Certain Underwriters at Lloyd’s, London, a first-layer excess policy
21 issued by QBE Insurance Corporation (“QBE”), and a second-layer excess policy issued by
22 Continental Casualty Company (“CNA”), each with limits of \$5 million;

23 WHEREAS QBE exhausted its policy limits in partial payment of defense costs incurred
24 through April 2023 and CNA subsequently initiated mediation to attempt a global resolution of
25 CNA’s and Hiscox’s layers;

27 ¹ The Parties to this stipulation do not include Defendant Howard Andrew Fisher, who has been
28 dismissed from this action, and Defendant Zhongyuan (David) Ma, whose current whereabouts
and contact information are unknown.

1 WHEREAS the amount of defense costs submitted for payment by Defendants and
2 determined to be covered at the time of mediation exceeded the combined limits of CNA's and
3 Hiscox's layers;

4 WHEREAS Hiscox maintains that it did not and does not take a position as to an
5 appropriate allocation among insureds because Hiscox has stated that it disclaims any interest in
6 the proceeds;

7 WHEREAS, following two formal mediation sessions and substantial efforts by the
8 mediator and mediation participants over the course of several weeks, a tentative global resolution
9 was reached (*see* Declaration of David M. Murphy) and an agreement regarding the proposed
10 resolution of this interpleader action was fully executed on November 22, 2023 (the "Settlement
11 Agreement");

12 WHEREAS, as noted in the mediator's declaration, the mediation process was extremely
13 complex and hard fought, and in the mediator's professional opinion that the proposed distribution
14 plan is "the best obtainable consensual resolution among the Participating Claimants, taking into
15 consideration all of the costs, uncertainties, risks, and delay of further litigation" (*see* Declaration
16 of David M. Murphy);

17 WHEREAS on November 22, 2023, Hiscox filed a Stipulation and Proposed Order for
18 Stay and Deposit of Interpleader Funds (ECF No. 59);

19 WHEREAS on November 28, 2023, the Court entered an Order Directing Clerk to Accept
20 Deposit of Interpleader Funds (ECF No. 61);

21 WHEREAS the Interpleader Funds have been deposited into the Registry of the Court;

22 WHEREAS on November 30, 2023, Hiscox filed an Administrative Motion for Order
23 Resolving Interpleader Action (ECF No. 62) (the "Administrative Motion"), seeking entry of a
24 Proposed Approval Order to resolve this action pursuant to the Parties' agreement;

25 WHEREAS on December 5, 2023, the Court issued an Order stating that "[t]he Court does
26 not take issue with the mediation outcome or the substance of the proposed order, but is of the
27 view that clarity would be best served by presenting the agreement differently" (ECF No. 64);

28 WHEREAS the December 5, 2023, Order terminated the Administrative Motion and

1 directed Hiscox to file (1) “a stipulation agreeing to the proposed resolution of the interpleader
2 action as to the settling parties identified in the Proposed Approval Order” and (2) “an
3 administrative motion seeking resolution of the interpleader action as to Defendant David Ma, who
4 appears to be the only Defendant from whom a stipulation cannot reasonably be obtained”;

5 WHEREAS Hiscox will separately file an administrative motion concerning David Ma;

6 WHEREAS pursuant to the December 5, 2023, Order, the Parties enter into this stipulation,
7 which (1) sets forth the agreed-upon distribution of the Interpleader Funds under the Settlement
8 Agreement, and (2) reserves a specific dollar amount of the Interpleader Funds and sets forth a
9 procedure for disbursement to those persons potentially insured under the Hiscox Policy who were
10 unable to participate in the mediation process;

11 WHEREAS Local Rule 7-1 provides that parties may present a request to the Court for an
12 order by stipulation pursuant to Local Rule 7-12;

13 WHEREAS the Parties agree that entering this stipulation does not constitute a general
14 appearance by Defendants in this litigation; and

15 WHEREAS if this stipulation is not “So Ordered” by the Court, the stipulation shall be
16 null, void, and of no force and effect, the Parties shall be placed in the same position as if this
17 stipulation had not been entered, and nothing in this stipulation shall constitute an admission by
18 any Party or prejudice any Party’s position in litigation;

19 **WHEREFORE** the Parties stipulate that this Court enter the relief requested below.

20 **I. Disbursements to the Pro Rata Claimants**

21 1. The sum of \$4,375,000.00 of the Interpleader Funds deposited into the Registry of
22 the Court shall be disbursed for reimbursement of defense costs incurred by each the following
23 individual claimants (“Pro Rata Claimants”) in the respective amounts set forth in the payment
24 schedule, filed under seal as Exhibit A to this Stipulation Resolving Interpleader Action (the
25 “Payment Schedule”):

- 26 a. Samuel Bankman-Fried
- 27 b. Nishad Singh
- 28 c. Zixiao (Gary) Wang

- 1 d. Amy Wu
- 2 e. Ramnik Arora
- 3 f. Claire Watanabe
- 4 g. Ryan Salame
- 5 h. Can Sun
- 6 i. Constance Zhe Wang
- 7 j. Luk Wai (Jen) Chan
- 8 k. Natalie Tien
- 9 l. Zane Tackett
- 10 m. Tristan Yver*
- 11 n. Armani Ferrante*
- 12 o. Claire Zhang*
- 13 p. Jonathan Cheesman
- 14 q. Patrick Gruhn and Robin Matzke
- 15 r. Nicholas Beckstead

16 **II. Disbursement to Daniel Friedberg**

17 2. The sum of \$225,000.00 of the Interpleader Funds deposited into the Registry of
18 the Court shall be disbursed to Daniel Friedberg.

19 **III. The WBR Set Aside**

20 3. The amount of \$200,000.00 (the “WBR Set Aside”) shall be reserved for
21 reimbursement of defense costs incurred by Defendants Claire Watanabe, Nicholas Beckstead, and
22 Ross Rheingans-Yoo (“WBR Claimants”), each of whom may seek up to one-third, or \$66,666.67
23 of the WBR Set Aside.

24 4. The WBR Claimants shall make requests for distribution of the WBR Set Aside by
25 letter to the Court filed on the docket and attaching summary invoices for the Court’s review.
26 Upon consideration of any request by any of the WBR Claimants, together with any additional

27 _____
28 * Tristan Yver, Armani Ferrante, and Claire Zhang were not named as defendants in the First Amended Complaint for Interpleader.

1 information requested by the Court (including *in camera* submission of complete invoices) to
2 establish that the claimant is entitled to the requested payment from the Interpleader Funds, the
3 Court shall order that such amounts be paid from the Registry of the Court.

4 5. Remaining amounts of the WBR Set Aside that have not been disbursed to the
5 WBR Claimants as of one year after the date of entry of this stipulation shall be distributed from
6 the Registry of the Court to all of the Pro Rata Claimants on a *pro rata* basis in accordance with
7 the percentages set forth in the Payment Schedule.

8 **IV. The Future Claimant Set Aside**

9 6. The amount of \$200,000.00 (the “Future Claimant Set Aside”) shall be reserved for
10 reimbursement of defense costs incurred by the WBR Claimants, each of whom may seek up to
11 one-sixth, or \$33,333.33 of the Future Claimant Set Aside, and any other claimants who did not
12 participate in mediation (“Future Claimants”). Amounts of the Future Claimant Set Aside that are
13 not paid to the WBR Claimants shall be available to the Future Claimants.

14 7. The WBR Claimants and Future Claimants shall make requests for distribution of
15 the Future Claimant Set Aside by letter to the Court filed on the docket and attaching summary
16 invoices for the Court’s review. Upon consideration of any request by any of the WBR Claimants
17 or Future Claimants, together with any additional information requested by the Court (including
18 *in camera* submission of complete invoices) to establish that the claimant is entitled to the
19 requested payment from the Interpleader Funds, the Court shall order that such amounts be paid
20 from the Registry of the Court.

21 8. Remaining amounts of the Future Claimant Set Aside that have not been disbursed
22 to the WBR Claimants and Future Claimants as of one year after the date of entry of this stipulation
23 shall be distributed from the Registry of the Court to all of the Pro Rata Claimants on a *pro rata*
24 basis in accordance with the percentage set forth in the Payment Schedule.

25 **V. Interpleader Relief Under 28 U.S.C. § 1335 and Federal Rule of Civil Procedure 22**

26 9. Plaintiff, a disinterested stakeholder, is discharged from further liability in
27 connection with the limits of the Hiscox Policy.

28 10. Plaintiff is dismissed with prejudice from this interpleader action.

1 11. No further litigation shall be brought against Hiscox in connection with coverage
2 under the Hiscox Policy.

3 12. All claims related to the Hiscox Policy shall be litigated in this interpleader action.

4
5 Dated: December 20, 2023

NORTON ROSE FULBRIGHT US LLP

6 By: /s/ Daniel McNeel Lane, Jr.

Daniel McNeel Lane, Jr.

7 Attorney for Plaintiff

8 HISCOX SYNDICATES LIMITED

9
10 Dated: December 18, 2023

FARELLA BRAUN + MARTEL, LLP

11 By: /s/Shanti Eagle

Shanti Eagle

12 Attorney for Defendant

13 RAMNIK ARORA

14 Dated: December 19, 2023

COHEN & GRESSER LLP

15 By: /s/ Benjamin Zhu

Douglas J. Pepe

Benjamin Zhu

17 Attorneys for Defendant

18 SAMUEL BANKMAN-FRIED

19 Dated: December 19, 2023

COBLENTZ PATCH DUFFY & BASS LLP

20 By: /s/ Benjamin C. Pulliam

Benjamin C. Pulliam

Franklin Cordell

22 Attorneys for Defendant

23 DANIEL FRIEDBERG

24 Dated: December 18, 2023

GOETZ FITZPATRICK LLP

25 By: /s/ Scott D. Simon

Scott D. Simon

27 Attorney for Defendant

28 ROSS RHEINGANS-YOO

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

Dated: December 18, 2023

JASSY VICK CAROLAN LLP

By: /s/ William T. Um
William T. Um

Attorney for Defendant
NISHAD SINGH

Dated: December 18, 2023

BAKER & MCKENZIE LLP

By: /s/ Ronald L. Ohren
Ronald L. Ohren

Attorney for Defendant
CLAIRE WATANABE

Dated: December 20, 2023

STEPTOE & JOHNSON LLP

By: /s/ Jennifer Karpinski (Singh)
Jennifer Karpinski (Singh)

Attorney for Defendants
CAN SUN, CONSTANCE ZHE WANG, LUK
WAI (JEN) CHAN, NATALIE TIEN, and ZANE
TACKETT

Dated: December 18, 2023

THE DALEY LAW FIRM, LLC

By: /s/ Samantha Neal
Darrell M. Daley
Samantha Neal

Attorney for Defendants
PATRICK GRUHN and ROBIN MATZKE

Dated: December 18, 2023

CLARK SMITH VILLAZOR LLP

By: /s/ Rodney Villazor
Rodney Villazor
(CA Bar No. 310212)

Attorney for Defendant
JONATHAN CHEESMAN

1 Dated: December 18, 2023

KELLER BENVENUTTI KIM LLP

2 By: /s/ Dara L. Silveira

3 Dara L. Silveira
Jane Kim

4 Attorneys for Defendant
NICHOLAS BECKSTEAD

5
6 Dated: December 19, 2023

MAYER BROWN LLP

7 By: /s/ Andrew J. Demko

8 Andrew J. Demko

9 Attorney for Defendant
RYAN SALAME

10 Dated: December 20, 2023

**COHEN ZIFFER FRENCHMAN &
MCKENNA LLP**

11
12 By: /s/ John R. Hazelwood

13 John R. Hazelwood
(CA Bar No. 337988)

14 Attorney for Defendant
ZIXIAO (GARY) WANG

15
16 Dated: December 19, 2023

K&L GATES LLP

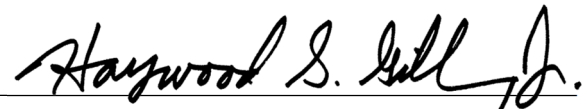
17 By: /s/ Jason N. Haycock

18 Jason N. Haycock
(CA Bar: 278983)
Jonathan Theonugraha
(CA Bar: 306812)

19 Steven P. Wright
(*pro hac vice* to be filed)

20
21 Attorneys for Defendant
22 AMY WU

23
24 PURSUANT TO STIPULATION, IT IS SO ORDERED ON THE 21ST DAY OF
25 DECEMBER 2023.

26
27 

28 HON. HAYWOOD S. GILLIAM, JR.