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Counsel for Jelena McWilliams,

in her capacity as Chapter 11 Trustee for

Synapse Financial Technologies, Inc.

**UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA
SAN FERNANDO VALLEY DIVISION**

In re:

SYNAPSE FINANCIAL TECHNOLOGIES,
INC.,

Debtor.

Case No.: 1:24-bk-10646-MB

Chapter 11

**SUPPLEMENTAL DECLARATION IN
SUPPORT OF MOTION OF THE
CHAPTER 11 TRUSTEE, PURSUANT
TO 11 U.S.C. § 1112(b) AND FEDERAL
RULES OF BANKRUPTCY
PROCEDURE 1017(f) AND 9014, TO
CONVERT OR, IN THE
ALTERNATIVE, DISMISS CHAPTER 11
CASE**

Date: August 11, 2025

Time: 1:30 p.m. Pacific Time

Place: Courtroom 303

21041 Burbank Boulevard

Woodland Hills, CA 91367

1
2 TO THE HONORABLE MARTIN BARASH, UNITED STATES BANKRUPTCY
3 JUDGE, THE OFFICE OF THE UNITED STATES TRUSTEE, AND INTERESTED PARTIES:

4 **I, Jelena McWilliams, hereby declare as follows:**

5 1. I am the duly appointed and acting chapter 11 trustee (the “Trustee”) of the above-
6 captioned debtor (the “Debtor”) in the above-captioned chapter 11 case (the “Case”).¹

7 2. I have personal knowledge of the facts set forth below and, if called to testify, would
8 and could competently testify thereto.

9 3. I submit this declaration as a supplement to my declaration (the “Declaration”) dated
10 June 5, 2025 [Dkt. No. 525-2] in support of the *Motion of The Chapter 11 Trustee, Pursuant to*
11 *11 U.S.C. § 1112(B) and Federal Rules of Bankruptcy Procedure 1017(F) And 9014, to Convert*
12 *or, in the alternative, Dismiss Chapter 11 Case* [Dkt. No. 525] (the “Motion”).

13 4. The Motion was filed in June 6, 2025 and an initial hearing on the Motion was held on
14 June 27, 2025 (the “Hearing”). Between the date of the filing of the Motion and the date of the
15 Hearing, two developments arose in the Case. First, the Trustee and Evolve came to an
16 arrangement for Evolve to access, copy and preserve data and records stored in the Debtor’s
17 AWS environment, regarding which Evolve filed *Evolve Bank & Trust’s Limited Opposition to*
18 *Motion For Relief from the Automatic Stay as to Personal Property Filed by Amazon Web*
19 *Services, Inc.* [Dkt. No. 554]. Second, the Consumer Financial Protection Bureau (the “CFPB”)
20 engaged with the Trustee about investigating the Debtor’s potential unfair acts or practices,
21 obtaining a judgment for monetary penalties against the Debtor and accessing the CFPB’s Civil
22 Penalty Fund to compensate injured end users, regarding which the CFPB filed the *Statement of*
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28 ¹ Unless otherwise stated with specificity or implied by context, capitalized defined terms used in
this declaration have the same meanings as attributed to them in the Motion.

1 *Interest on Behalf of the Consumer Financial Protection Bureau Regarding the Motion of the*
2 *Chapter 11 Trustee to Convert to Chapter 7 Pursuant to 11 U.S.C. § 1112(b)* [Dkt. No. 557].

3 5. At the Hearing, these developments and the remaining work left to be done with regard
4 to AWS data preservation and the CFPB's investigation were discussed. In light of these ongoing
5 efforts, the Court accepted the Trustee's proposal to continue the hearing on the Motion to August
6 11, 2025. The Trustee submits this declaration to provide updates on each of these two
7 developments since the Hearing.
8

9 **AWS Data Preservation**

10 6. Throughout July 2025, the Trustee's professionals at GlassRatner Advisory Services
11 ("GlassRatner") continued to facilitate Evolve's access to a preservation of data and records
12 stored in the Debtor's AWS environment. GlassRatner professionals created and provided
13 credentials to directly access the AWS environment to Evolve's consultants at Ankura and, in
14 some cases, moved data and records from cold storage to live cloud hosting locations so that the
15 data and records could be accessed and copied.
16

17 7. On July 31, 2025, Evolve's counsel reported to the Trustee that Ankura and Evolve had
18 completed the data copying process and that a complete copy of the Debtor's AWS data was now
19 stored in an Evolve-controlled and maintained AWS environment.

20 8. On August 6, 2025, Evolve filed the *Stipulation Between the Chapter 11 Trustee and*
21 *Evolve Bank & Trust ("Evolve") for Evolve to House Certain Data and to Modify Stipulated*
22 *Protective Order* [Dkt. No. 609] (the "Evolve Stipulation"). The Evolve Stipulation provides for,
23 among other things, Evolve's continued maintenance of the Debtor's AWS data beyond the final
24 disposition of this Case.
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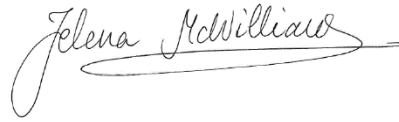
CFPB Investigation

9. Since the Hearing, the Trustee and her professionals have continued to meet with the CFPB to respond to inquiries and provide requested data and records to facilitate the CFPB's investigation into the Debtor's business practices. The CFPB has reported to the Trustee that its investigation has progressed and the CFPB is preparing to file in this Court an adversary proceeding complaint against Synapse (the "CFPB Complaint"). The Trustee understands that the Bureau plans to allege that Synapse engaged in unfair acts or practices. Specifically, the Bureau plans to allege that Synapse failed to maintain adequate records of the location of consumers' funds and failed to ensure those records matched the records maintained by the partner banks, causing consumers to lose access to their funds, an estimated \$60-90 million of which still have not been recovered.

10. The Trustee and the CFPB are engaged in negotiations to enter into a proposed stipulated final judgment to settle the CFPB's complaint against Synapse (the "CFPB Stipulated Judgment"), including nominal monetary penalties. The Trustee and the CFPB anticipate seeking the Court's entry of the CFPB Stipulated Judgment resolving the CFPB Complaint.

11. The CFPB has continued to report to the Trustee that the CFPB's investigation and seeking of a final judgment may be expedited by the continuation of this Case, either in chapter 11 or in chapter 7, as compared to the dismissal of this Case. The CFPB has continued to report to the Trustee that, after a final judgment is entered, the CFPB's anticipated subsequent work is not dependent on the continuation of an active bankruptcy case, including the CFPB's possible accessing of its Civil Penalty Fund to compensate injured end users.

1 Pursuant to 28 U.S.C § 1746, I declare under penalty of perjury that the foregoing is true
2 and correct. Executed this 7th day of August 2025.

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JELENA MCWILLIAMS
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PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is:

Cravath, Swaine & Moore LLP, 2 Manhattan West, 375 Ninth Avenue, New York, NY 10001

A true and correct copy of the foregoing document entitled (*specify*): SUPPLEMENTAL DECLARATION IN SUPPORT OF MOTION OF THE CHAPTER 11 TRUSTEE, PURSUANT TO 11 U.S.C. § 1112(b) AND FEDERAL RULES OF BANKRUPTCY PROCEDURE 1017(f) AND 9014, TO CONVERT OR, IN THE ALTERNATIVE, DISMISS CHAPTER 11 CASE

will be served or was served **(a)** on the judge in chambers in the form and manner required by LBR 5005-2(d); and **(b)** in the manner stated below:

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF):

Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On (*date*) 8/7/2025, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

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☐ Service information continued on attached page

2. SERVED BY UNITED STATES MAIL:

On (date) 8/7/2025, I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

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Unit21, Inc.

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David Boroj
866 Hensel Woods Rd.
Gahanna, OH 43230

Justin Newbern
3701 Wesley Dr. NW
Olympia, WA 98502

☐ Service information continued on attached page

**3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE
TRANSMISSION OR EMAIL** (state method for each person or entity served): Pursuant to

F.R.Civ.P. 5 and/or controlling LBR, on *(date)* 8/7/2025, I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

None.

☐ Service information continued on attached page

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

8/7/2025

Date

Robert N. Greenfield

Printed Name

/s/ Robert N. Greenfield

Signature