

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

In re:

Vesttoo Ltd., *et al.*,<sup>1</sup>

Debtors.

Chapter 11

Case No. 23-11160 (MFW)

(Jointly Administered)

**DEBTORS' FIRST INTERIM REPORT**

Dated: September 7, 2023

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<sup>1</sup> Due to the large number of debtor entities in these chapter 11 cases, a complete list of the Debtors and the last four digits of their federal tax identification numbers is not provided herein. A complete list of such information may be obtained on the website of the Debtors' claims and noticing agent at <https://dm.epiq11.com/vesttoo>.

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## I. Introduction

On August 14 and 15, 2023 (the “**Petition Date**”), Vesttoo Ltd. and its affiliated debtors and debtors in possession in the above-captioned chapter 11 cases (collectively, the “**Debtors**”) each filed a voluntary petition (the “**Petition**”) for relief under chapter 11 of title 11 of the United States Code (the “**Bankruptcy Code**”) in the United States Bankruptcy Court for the District of Delaware (the “**Bankruptcy Court**”). As described more fully below in the First Day Declaration of Ami Barlev<sup>2</sup>, Vesttoo Ltd. (“**Vesttoo**”) was a market-leading provider of financial technology that allowed insurance and reinsurance companies to transfer their insurance risks and/or related collateral security obligations to capital market investors through a technological reinsurance transaction platform, reinsurance-related financial instruments, and other contracts.

In recent weeks, Vesttoo became the subject of various allegations related to alleged issuing of fraudulent letters of credit in connection with its services that were focused on supporting reinsurance transactions through various entities organized and resident here in the US. As a result, one of Vesttoo’s subsidiaries, Vesttoo Alpha P&C Ltd. (“**Alpha P&C**”), was placed in winding up proceedings in Bermuda. In addition, one of Vesttoo’s counterparties, White Rock Insurance (SAC) Ltd. (“**White Rock**”) commenced an injunctive action in the United States District Court for the Southern District of New York seeking to freeze all Vesttoo funds, effectively halting Vesttoo’s ability to operate. White Rock later commenced a chapter 15 proceeding in connection with a Bermudian winding up proceeding pending against it.

With the Bermuda proceedings, the White Rock litigation and mounting notices from various regulators throughout the world, Vesttoo was left with no alternative but to seek

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<sup>2</sup> See Amended and Restated Declaration of Ami Barlev in Support of Chapter 11 Petitions and First Day Pleadings [D.I. 27].

bankruptcy protection. In the days before the chapter 11 filing and subsequent to the filing, Vesttoo has identified four core objectives that it expected to promptly but carefully achieve: (1) identify the root cause of the collapse of the Debtors' business through a comprehensive internal investigation; (2) establish a process to pursue those individuals and entities that had caused the harm to Vesttoo; (3) create institutional controls to address those shortcomings found in the Debtors' on-going investigation and provide timely information to regulators throughout the world; and (4) re-formulate the Debtors' strategic business plan. Critical for Vesttoo is to provide all key stakeholders with a transparent assessment of the situation. Among the key stakeholders that the Debtors are currently engaged with are White Rock, and the Official Committee of Unsecured Creditors (the "**Committee**") that was formed on August 31, 2023.<sup>3</sup> It is in that spirit that the Debtors are providing this First Interim Report. As the chapter 11 and related processes continue, the Debtors expect to issue supplemental reports.

## **II. Overview of Vesttoo**

### **A. History and Overview of Operations**

In 2018, Yaniv Bertele ("**Bertele**"), Ben Zickel ("**Zickel**"), and Alon Lifshitz ("**Lifshitz**", collectively the "**Founders**") founded Vesttoo in Israel. The Debtors' offices were in Tel Aviv, and during a growth phase, it expanded to New York, London, Hong Kong, Seoul, Tokyo, and Dubai. At its height, Vesttoo employed hundreds of people, with a significant number of them based in Israel. A copy of the Vesttoo's corporate structure chart, which shows each of the Debtors and subsidiary Vesttoo Alpha P&C Ltd. is attached hereto as **Exhibit A**. In summary, Vesttoo Ltd. is the top company of Vesttoo. Vesttoo Ltd. owns 100% of Vesttoo Holdings Ltd., Vesttoo

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<sup>3</sup> The Committee comprises five insurance counterparties, Clear Blue Specialty Insurance Company, Homeowners of America Insurance Company, Markel Bermuda Ltd., Proventus Holdings, LP and United Automobile Insurance Co.

Hong Kong Limited, Vesttoo Ltd., Korea Branch, Vesttoo UK Ltd., Vesttoo US Inc., and Vesttoo Alpha Holdings Ltd. Vesttoo Holdings Ltd. is the general partner of several Israeli limited partnerships, each of which is a Debtor in these Chapter 11 Cases (the “**Vesttoo Bay Partnerships**”). As for the United States, Vesttoo US Inc. owns Vesttoo SPV Holdings LLC (US) which owns both Vesttoo Asset Management LLC (US), and Vesttoo Reinsurance Intermediary Services Inc. (US) (“**Vesttoo Re Intermediary**”). Each of these entities other than Vesttoo Re Intermediary is formed under Delaware law. Vesttoo Re Intermediary was initially formed under Delaware law and qualified to do business in New York, but subsequently terminated that qualification. One day later a New York corporation was formed, which obtained a reinsurance intermediary license from the New York Department of Financial Services.

The foundation of the Debtors’ business is a fintech platform built to connect global insurance markets with the global capital markets. Vesttoo’s vision is to fuse insurance and capital markets so that they are globally accessible. Vesttoo’s proprietary AI-powered technologies analyze and build risk models from the large volumes of complex data associated with insurance liabilities to offer access to a wide range of products, such as property and casualty risks (*e.g.*, auto and home and cyber risk) and life and health risks (mortality/longevity and morbidity risk). Vesttoo combines conventional actuarial models and proprietary machine-learning algorithms. Its process analyzes hundreds of models, performs thousands of tests, and selects the optimal risk model for a reinsurance transaction.

In a reinsurance transaction an insurance company (called the “reinsured,” “cedent,” or “retrocedent”) cedes, “spreads” or transfers to another insurer (called the “reinsurer” or “retrocessionaire”) a portion of the risk that the cedent underwrote under certain of its policies, along with a portion of the premium. Reinsurance of reinsurance is called retrocession. In both

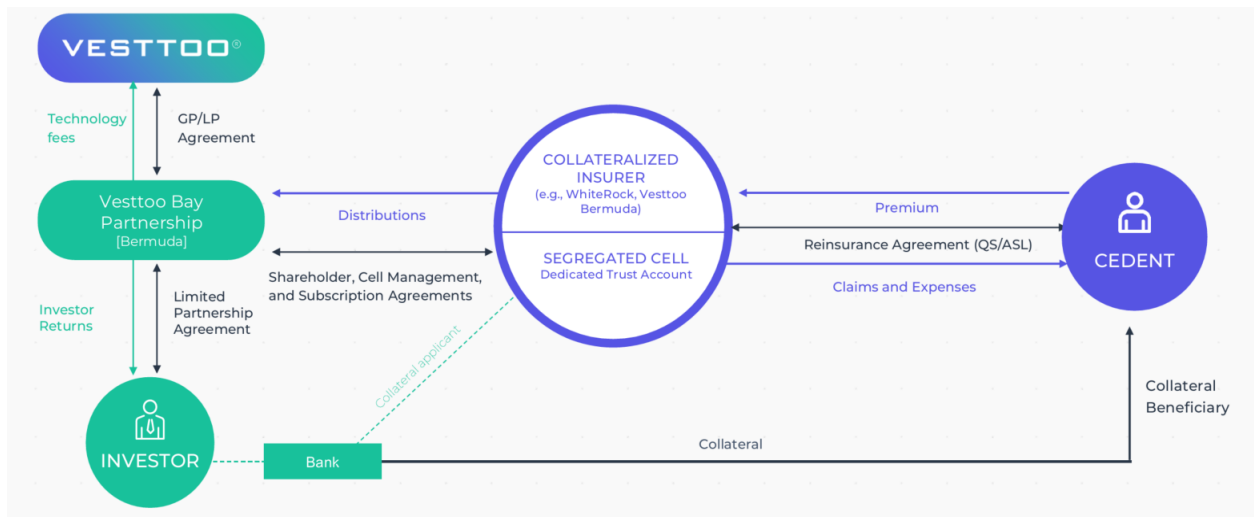
instances, the two insurers effectively share the financial exposure resulting from the risks the cedent underwrote. This spreading of risk permits a cedent to, among other things, reduce the amount of reserves it must hold for the protection of policyholders, and thereby increases the cedent's capacity to underwrite additional insurance.

Vesttoo offered collateral support of three basic types of reinsurance: (1) aggregate stop-loss reinsurance, a type of reinsurance in which the reinsurer pays losses in excess of an "attachment point," which is a total amount of covered loss paid by the cedent, (2) quota share reinsurance treaties, which are pro-rata reinsurance contracts in which the insurer and reinsurer share premiums and losses arising under a book of insurance policy business according to a fixed percentage from the first dollar of loss (and is therefore said to be "proportional"), and (3) excess of loss reinsurance in which the reinsurer indemnifies—or compensates—the ceding company for losses that exceed a specified amount or limit of the cedent. Excess of loss provides non-proportional reinsurance based on loss retention; that is, the ceding company agrees to accept all losses up a predetermined level.

In this case, the assumed insurance risks are placed into segregated accounts or protective cells created under Bermudan law. Vesttoo's business has always operated under the umbrella of an international regulatory structure designed to facilitate its transactions and protect the parties who participate in them.

As demonstrated in the following sample Transaction Flow for a frequent Vesttoo transaction, an insurance company cedes its risk as a cedent under a Reinsurance Agreement with a transformer entity (such as, but not only, White Rock). The transformer entity is a reinsurer that in effect converts the insurance risk into an investible form of security or ownership interest. In this case, the transformer then entered into agreements with one of the Vesttoo Bay Funds limited

partnerships, such as a Shareholder Agreement, a Cell Management Agreement, and a Subscription Agreement. Under these agreements, the Reinsurance Agreement was transformed into an equity security in a segregated and protected cell created under the Bermuda Segregated Accounts Companies Act 2000. This equity security was sold to a Vesttoo Bay Funds entity and resulted in the Vesttoo Bay entity and a private investor becoming the beneficial owners of the applicable segregated cell and any funds held on account for that entity.



(Source: Vesttoo Ltd.).

Vesttoo entities also provided reinsurance collateral security outside the Vesttoo cell structure in three different ways. First, in one instance, a Vesttoo Bay Partnership entered into an agreement as a reinsurer, even though it was not licensed to do so. Second, Vesttoo Bay Partnerships provided reinsurance collateral for reinsurers that owed collateral to their own cedents, either individually or in groups. And third, Vesttoo Bay Partnerships entered into swap transactions with a group of companies that included one or more insurers, special purpose companies and cells, and intermediaries.

One of the foundational benefits of the Vesttoo platform was that for their cedent and retrocedent clients, the Debtors sought to enhance risk transfer. For investor clients, the Debtors

enabled institutional investors to invest in risk-remote, short-term, medium and long-term, and main non-catastrophe insurance risk structures. Specifically, Vesttoo Bay Partnerships became the beneficial owner of the accounts and cells and either sold interests in such accounts or cells to, or shared such beneficial ownership with, capital markets investors. As part of the agreements related to the segregated cells, there was an agreement for collateral security to be posted to support a reinsurer's financial obligation to its cedent(s). That security typically took the form of standby or other letters of credit (collectively, "LOCs") with associated trust agreements. The investors provided collateral security for the insurance risks placed in the segregated accounts and protective cells.

Fortunately, despite the challenges facing them, the Debtors have adequate cash to continue to stabilize and operate its business. As of August 31, 2023, upon information and belief, the Debtors hold approximately \$63,000,000 in the aggregate. Such sum comprises (i) approximately \$29,000,000 held at Bank Hapoalim in the name of Vesttoo Ltd. and Vesttoo US Inc., (ii) approximately \$33,500,000 held at Israel Discount Bank in the name of certain of the Vesttoo Bay limited partnerships, and (iii) approximately \$125,000 held at HSBC in the name of Vesttoo UK LTD. Certain funds are also held in trust by Truist Bank for the benefit of the Vesttoo Bay limited partnerships, but are not included above-aggregate amount.<sup>4</sup> The Debtors continue to reconcile their books and records and will endeavor to provide updates to the Bankruptcy Court throughout the Debtors' chapter 11 cases. It is important to note that not all above amounts are liquid funds—some constitute a deposit for the benefit of active transactions.

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<sup>4</sup> Further information regarding the Debtors' bank accounts is set forth in the *Motion of the Debtors for Entry of Interim and Final Orders (I) Authorizing the Continued Use of the Debtors' Cash management System, (II) Modifying Requirements of Section 345 of the Bankruptcy Code, and (III) Granting Related Relief* [D.I. 11].



### **III. The On-Going Investigation**

#### **A. Investigation Process**

In mid-July 2023, media reports began to emerge that certain LOCs that were posted as collateral for the benefit of cedents were invalid. This public awareness stemmed from an incident where Santander Bank (“**Santander**”) reportedly denied knowledge of an LOC presented by one of the companies involved in an IP transaction Vesttoo facilitated. Almost immediately, the Debtors engaged legal and forensic advisors to assist in a full-ranging investigation as to the veracity of these allegations; and if necessary to propose remedial steps to address any operational weaknesses and recover assets of the Debtors that may have been misappropriated. Specifically, the Debtors retained DLA Piper LLP (US) as lead counsel to assist in investigations in the United States, Israel, and elsewhere and to identify potential causes of action and avenues of recovery for the Debtors’ estates, as well as addressing anticipated requests from regulators in the US and abroad.<sup>5</sup> DLA Piper in turn engaged Kroll Associates UK (under legal privilege) to assist in the investigation in Bermuda and Israel. As the investigation and subsequent litigation made clear that chapter 11 was the only path forward, DLA Piper was also engaged as counsel in the filing and prosecution of the chapter 11 case. Following commencement of the investigation, the Debtors have engaged other advisors in the United States, United Kingdom, Bermuda, Israel, and Hong Kong to assist in completing the investigation, prosecuting claims, addressing regulatory and other issues and working to help Vesttoo successfully emerge from chapter 11.

To date, Debtors’ advisors have processed over one million emails, Google Drive documents, and Slack messages for 23 custodians. While the investigation is reaching its final

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<sup>5</sup> The investigation is being led by two experienced former federal prosecutors, John Hillebrecht and Jessica Masella.

stages, the investigation will continue to collect documents, email communications and other information from all relevant sources.

As part of that investigation, DLA Piper and Kroll have conducted dozens of interviews of current and former employees of Vesttoo. These interviews have included the Founders of Vesttoo and other key participants (knowing and unknowing) in the pervasive schemes that impacted the Debtors. In order to close out the investigation, additional interviews are being scheduled.

The investigation team was given unfettered access to Debtors' documents and systems, as well as to employees and others within the control of the Debtors. The mandate of the investigation team was to provide an unvarnished account of the facts uncovered during the investigation.

With the investigation reaching its final stage what is clear is that pervasive and systematic misconduct has been identified both by a limited set of Vesttoo executives, and others within their sphere of influence, including external entities and individuals. Those that remain at the Debtors are committed to uncovering this misconduct and stabilizing and moving the business forward. While the investigation is being finalized, no current employees have been implicated in the underlying conspiracy.

Part of the mandate of the investigation was to identify any wrongdoers employed by Vesttoo. That effort has led to the highest level of Vesttoo's previous leadership – to include Bertele and Lifshitz. Based on the very thorough and robust investigation, the Debtors believe that it has identified any employees, agents, or others who had any culpable involvement with the conspiracy. It has now removed or severed all ties with those individuals; Bertele and Lifshitz are contesting their dismissal under Israeli labor law and the Debtors are pursuing the required legal process to finalize their dismissal as well as other legal avenues of redress. The Debtors have also

dismissed Ehud “Udi” Ginati (“**Ginati**”) and Joshua Rurka (“**Rurka**”). All of the dismissed former executives have been stripped of any access to the Debtors’ e-mails and systems.

## **B. Results of the Investigation**

To date, the forensic and documentary evidence has confirmed that a conspiracy to perpetuate a fraudulent scheme relating to the LOCs existed. It has also confirmed that that conspiracy included two members of Vesttoo’s senior leadership (Bertele and Lifshitz). Participants in the conspiracy included the following individuals who were (at least for part of the time of the conspiracy) employees of Vesttoo: Bertele, Lifshitz, Ginati (Senior Director of Capital Markets at Vesttoo, and worked as a “finder,” ostensibly locating and developing investors), Rurka (Senior Director, Capital Markets, and worked with Ginati as a finder), and Tal Eli Ezer (“**Ezer**”) (who worked as another finder).

In addition to Bertele, Lifshitz, Ginati, Ezer, and Rurka the investigation has established that this conspiracy involved individuals associated with the Debtors’ largest investor in the Debtors’ transactions, a company known as Yu Po Holdings Ltd. (“**Yu Po**”), as well as employees of China Construction Bank (“**CCB**”) and Standard Chartered Bank (“**SCB**”). One of the individuals associated with Yu Po is an individual referred to as both “Alan Wang” and “David Fu” (“**Wang/Fu**”). Wang/Fu communicated with Ginati using four separate email addresses, including an e-mail address specifically indicating he was potentially an employee or principal of Yu Po, [davidfu@yupofinance.com](mailto:davidfu@yupofinance.com). Precisely what formal role he played at Yu Po remains unclear, but it is apparent that he represented their interests. Although Wang/Fu appears to have played such a role for Yu Po and may have had some formal affiliation – as indicated by that “Yu Po Finance” e-mail address – he was also treated by Bertele and Ginati as a “finder” for Vesttoo itself, working with Ginati to locate investors. Indeed, in September 2021 Wang/Fu was named

by Bertele as a “Senior Director, Asian Markets” for Vesttoo, and Bertele requested that he be given an official Vesttoo e-mail address.

Significantly, the evidence establishes the direct involvement of Bertele and Lifshitz in the creation of fraudulent documents, a process of creation that in many cases can be pieced together from forensic evidence retrieved from the Vesttoo computer systems. The evidence also establishes the leading role played by Ginati, in collusion with Yu Po and an employee of CCB, to generate the fraudulent CCB LOCs.

The evidence also supports the following key findings (some of which are described in further detail below):

- In numerous instances Ginati and others worked with bank employees and the principals of Yu Po, apparently behind the backs of fellow Vesttoo employees, to draft documents and emails that the bank employees then send to the *other* Vesttoo employees, without any disclosure that those communications were drafted by and coordinated with Ginati.
- In multiple instances Bertele and Lifshitz were **directly involved** in personally creating fraudulent documents (including Proof of Funds statements and LOCs) that on their face appear to be coming from two banks, and then sending them to White Rock and others.
- This creation of fraudulent documents includes multiple instances where Bertele uses his **personal Gmail account to create forged signatures** that purport to be the signatures of bank employees on those documents, which then get submitted by Lifshitz to White Rock and others.
- The investigation also uncovered instances where Bertele used multiple constituent parts (*e.g.*, a Word version of a draft LOC, a bank’s letterhead and logo, and a purported signature of a bank executive) to cobble together a single Word document that was converted to PDF apparently showing a final LOC, on bank letterhead and signed by a bank officer, which document is then sent by Lifshitz to the counterparty.
- The evidence also plainly demonstrates that to protect their scheme, Bertele and Lifshitz went so far as to create a wholly fictitious person they held out as an employee of Santander, using this non-existent person to “sign” fraudulent documents and giving this “person” his own telephone number (which was in fact

forwarded to Bertele's cell phone) that Bertele and Lifshitz used to thwart efforts of external parties to verify the existence of certain LOCs.

- Indeed, although numerous and very serious red flags were raised about Yu Po, including in the face of very substantial evidence that the CCB LOCs, which on their face indicated that they were issued out of New York, were in fact issued out of China, no significant action was taken. Reflecting the dedication of a number of other Vesttoo executives, as early as June 2022 (and perhaps earlier), the CFO of Vesttoo believed Yu Po raised "existential" risks to Vesttoo, but these concerns were disregarded angrily by Bertele and any efforts of others to meet directly with Yu Po without Ginati were blocked.
- Other circumstantial evidence includes the fact that three separate banks (CCB, Standard Chartered and Santander) were used for forged and fraudulent LOCs and, remarkably, *essentially all* except one of the LOCs *from three separate banks*, to the tune of billions of dollars of collateral, appear to have been fraudulent.

While the factual record is being finalized, certain evidence is now clear: the LOCs that were the foundation of Vesttoo's business were largely illusory. An understanding of the magnitude of the underlying transactions is critical. Since 2020, Vesttoo quoted 96 but closed 65 transactions with collateral totaling \$3.932 billion, of which 79% (\$3.1 billion) were with Yu Po. Approximately \$586 million were with the Chinese investor Cheng Yuan Holdings. Of these transactions, standby LOCs were issued by the following banks:

- CCB: \$2.81 billion
- SCB: \$362.5 million
- Santander Bank: \$186 million

Of these LOCs, the banks have confirmed that **the vast majority of the LOCs are fraudulent.**

As the above summary confirms, the nature and extent of the conspiracy by and among the various wrongdoers took various forms. For example, in one transaction Vesttoo's executives were informed that the insurer beneficiary was not comfortable with an Asian bank issuing collateral for a transaction and suggested a well-regarded European bank. Despite the fact that that bank declined to issue an LOC, Vesttoo executives indicated that the bank would provide the

LOC and in fact produced a forged LOC from that bank to satisfy the intermediary. That same forged signature was used in at least one additional transaction.

With regard to CCB, Vesttoo executives used “finders” within the Debtors (namely Ginati and his network), who would then request that representatives of CCB sign the LOC. A signature was then attached to the LOC which was returned to the Vesttoo executive through the intermediary, who then instructed the intermediary to request CCB to send the LOC to the Vesttoo team who were outside the ring of the conspiracy and responsible for securing the collateral. Examples of this are attached as **Exhibit B**.

For Standard Chartered, Ginati used a different scheme, as he sent an LOC which had allegedly been signed by Virginia Lee at Standard Chartered to Wang/Fu, and asked him to have Lee return the already signed LOC to a Vesttoo employee outside the circle of the conspiracy.

Another example is particularly illuminating on the lengths to which Bertele and others went to create and perpetuate this fraudulent scheme. On January 14, 2022, Corinthian Reinsurance emailed Bertele inquiring about the delay in providing “proof of funds” from Santander in connection with a warehousing collateral agreement, stating that is making “a lot of people VERY nervous.” Later that day, Bertele sent Corinthian Re “Santander language” for the proof of funds letter, which Corinthian Re approved. On January 17, 2022, PDF and Word versions of a “proof of funds” letter from Enrique Verdu at Santander **appeared on Bertele’s network drive**, along with (1) a document with just the Santander logo, and (2) a document with just the signature (purportedly of Verdu) that was on the letter. It appears that Bertele used the Word document, logo, and signature to create a combined document – which appeared to be a signed LOC on bank letterhead.

The impersonation of Verdu continued, but the risk of using the name of a real Santander employee eventually led to Lifshitz and Bertele to even more extreme measures. In April 2022, an auditor for one of Vesttoo's counterparties sought to confirm, among other things, the SBLC issued by Santander in one of the outstanding transactions (purportedly signed by "Enrique Verdu," who again we understand is an actual employee of Santander but who never actually signed any pertinent LOC).

Such request was forwarded to Bertele, who asked if "office number and contact is enough." No doubt concerned because there was a real Enrique Verdu employed by Santander Bertele proceeded to create a fictitious persona to run interference. Thus was born "Alex Garcia."

Shortly after the auditor inquiry, Bertele set up a new telephone number in Madrid, Spain. He then paid the phone company (using his Vesttoo credit card) to have any calls to that new number forwarded to his own cell phone in Israel. On the very same day, Bertele sent himself an e-mail – which clearly indicates in the "From" line that it was sent from his own Vesttoo e-mail account to himself at the same account – which appears in its text to be from "Alex Garcia" (the sign-off reads "Best, Alex") to Lifshitz (the salutation reads "Alon") and which suggests that the auditors "call my office for questions." He then provided his office number—the new number that Bertele had created—that was forwarded to his own cell phone. A few minutes later, Bertele forwarded that e-mail (which, again, he wrote and sent to himself) to Lifshitz, but in the interim he manipulated the e-mail so that in the forwarded version it appears to have been written by Garcia (with the header reading "Garcia, Alex wrote") and sent to Bertele. The investigation has concluded the information in that this forged e-mail, including the phony phone number for the non-existent "Alex Garcia," was then shared with the auditor, although documentary proof continues to be developed.

There is documentary evidence that a few months later, the same phony phone number was provided in connection with a separate audit for the same counterparty in connection with a different LOC. This is revealed by an email from an employee of the counterparty who said he “was able to get in touch with Alex.” Based upon the creation of Alex Garcia and a phone number that went directly to Bertele, it appears that this conversation was in fact with Bertele and not the non-existent Alex Garcia. By that time, Bertele and Lifshitz had already used “Alex Garcia” to sign at least one fraudulent LOC, with e-mails purportedly from Garcia including the same fabricated Spanish phone number. *See **Exhibit C***.

Putting aside the litany of transactional irregularities, red flags abounded as early as 2021. For example, due diligence reports from December 2021 and April 2022 revealed that Yu Po had a limited profile for an investor with \$3 billion of investment capacity. In response, Vesttoo’s CFO, Gaurav Wadhwa, noted that “he cannot think of a higher priority task for the company than” further investigation into Yu Po. He further noted that “this issue is existential for us.” Similarly concerns were expressed by others regarding the irregularity of the Yu Po relationship, however, at every turn Bertele, Ginati and other with the scheme declined to take ever a hint of remedial action.

Vesttoo made payments to Yu Po totaling \$7.88 million, including \$3.69 million into accounts in the name of Prime Trust LLC and JC Technologies FL; entities affiliated with Vixipay Ltd., of which Ginati is a partial owner.

Significant concerns were similarly raised by numerous employees during the onboarding of new investor Cheng Yuan in 2022. These red flags included that Cheng Yuan’s KYC questionnaire lacked proof of funds, which seemed highly relevant for a firm committing \$1 billion.



Perhaps nowhere were these red flags starker than with CCB. Curiously, Vesttoo had one single point of contact, an Assistant Relationship Manager. When a Vesttoo executive asked for confirmation that the actual employees signing the LOCs had actual signing authority for both the Shanghai and New York branches, she was informed that “we will not respond to any further correspondence regarding our clients, and we kindly request that you communicate via Yupo Holdings Ltd and refrain from contacting us directly with any such requests.”

While the investigation continues, the above summary provides concrete proof of a concerted scheme by senior management of Vesttoo, as well as the network of finders used by the Debtors to find investors, to defraud the insurance markets. With this information, as discussed below, the Debtors have moved quickly to remedy the gaps that led to these grievous misdeeds and is now positioned to commence actions to redress these wrongs.

Yesterday, Vesttoo’s Board decided to fire Mr. Bertele from his position as a director of the company, in light of his breach of fiduciary duty towards the company and the serious offenses he committed against the Debtors. The Debtors will also take similar actions against Mr. Alon Lifshitz.

#### **IV. Steps to Pursue Wrongdoing**

##### **A. Litigation**

Based upon the investigation conducted to date, the Debtors are contemplating bringing litigation against two separate groups in short order. The first group includes current and former insiders of Vesttoo who have directly been implicated in the massive fraudulent scheme that led Vesttoo to the Bankruptcy Court. This group includes: Bertele (Chief Executive Officer), Lifshitz (Chief Financial Engineer), Ginati (Senior Director of Capital Markets and Finder), Joshua Rurka (Senior Director of Capital Markets and Finder), and Tal Eli Ezer (Finder) (collectively, the

“Vesttoo Insiders”). The potential claims against the Vesttoo Insiders includes breach of contract, breach of fiduciary duty, and fraud.

In addition, the Debtors are assessing potential claims against (i) Yu Po and (ii) CCB and SCB (collectively, the “**Banks**”). With regard to Yu Po, Vesttoo Holdings Ltd, an Israeli company, serving as the general partner of 22 Vesttoo Bay limited partnerships. These Vesttoo Bay entities were the vehicles which became the owners of the applicable segregated “cell” entities which held the insurance-linked securities (transformed from the Reinsurance Agreements themselves). Vesttoo Holdings Ltd. was the general partner in the Vesttoo Bay entities, and specific investors were the limited partners. These investors generally contributed a letter of credit to provide collateral security for the benefit of the cedent. One principal investor -- Yu Po -- was a limited partner of each of the Vesttoo Bay limited partnerships. These relationships are governed by Amended and Restated Limited Partnership Agreements, as amended, including, as relevant, by an Amendment No. 4, dated June 22, 2023 (together, the “LPA”). While the investigation of Yu Po continues, it appears that Yu Po has, or will shortly have, breached the LPA. There are also likely breach of fiduciary duty and fraud claims against Yu Po based on its status as a limited partner and its participation in providing fraudulent letters of credit.

Lastly, with respect to the Banks, the investigation to date suggests that Chun-Yin Lam, Assistant Relationship Manager, at CCB may have been involved in the issuance of fraudulent LOCs. As to SCB, preliminary evidence indicates that an insider named Virginia Lee, VP Commercial Banking, may have been involved in the scheme.

Mr. Lam and Ms. Lee were Vesttoo’s points of contact at CCB and SCB, respectively. They each communicated with Vesttoo from company emails and sent signed letters of credit that purported to be from their respective banks. In the case of Lee, she appears to have signed at least

one letter of credit herself, though she had only a few email exchanges with Vesttoo. Mr. Lam, on the other hand, had numerous communications with Vesttoo employees concerning the LOCs—“issuing” (or at least sending) LOCs apparently signed by another employee of the bank, answering questions about LOCs, and sending confirmation of previously-issued LOCs. Mr. Lam also communicated with auditors when they sought confirmation of CCB LOCs on behalf of third-parties. Further, Mr. Lam met with Vesttoo employees in person at least twice at a CCB office in Hong Kong, which was the same office location listed in his email signature.

Depending on the nature of Mr. Lam’s and Ms. Lee’s involvement, Vesttoo may have several claims against the Banks: commercial bad faith, fraud, negligence, and through certain vicarious liability theories based on the underlying torts by the Vesttoo Insiders, including aiding and abetting fraud, aiding and abetting breach of fiduciary duty, and conspiracy.

As the investigation is continuing, the Debtors expect that additional claims and potential defendants will be identified, and consistent with their fiduciary obligations, the Debtors intend to vigorously prosecute each and every one of these claims.

## **B. Regulatory Discussions**

With its extensive relationship with the insurance and re-insurance industry, it should come as little surprise that Vesttoo has been the target of both formal and informal regulatory scrutiny and analysis. In order to ensure not just the continuity of operations, but a viable path forward, Vesttoo and its advisors have worked cooperatively with various regulators as described below.

Vesttoo Re Intermediary has been communicating with representatives of both its current regulator, the New York Department of Financial Services (“**NYDFS**”), and its former regulator, the Delaware Department of Insurance. DLA Piper has advised these regulators about the ongoing investigation described above, and kept them abreast of key developments in this case and the Bermuda and chapter 15 proceedings. The Delaware regulator has been monitoring the in-court

bankruptcy proceedings. NYDFS issued a *subpoena duces tecum* to Vesttoo Re Intermediary, which is producing material in response.

The Debtors also sought to communicate with the Bermuda Monetary Authority (“BMA”), but the intervention of the White Rock-related winding up and chapter 15 proceedings stifled its approaches. It will be important for BMA, the JPLs and their counsel to agree a practical plan for coordinating efforts with the Debtors, providing information that is required to be provided to the Debtors in order to facilitate and ensure the Debtors’ reorganization.<sup>6</sup>

The National Association of Insurance Commissioners (“NAIC”) is a US national organization of state insurance regulators whose members include the New York Superintendent of Insurance and the Delaware Commissioner of Insurance. Among other things, the NAIC monitors the financial performance of insurers, promulgates model laws and regulations organizing the business of insurance to enhance consumer protection, and works collaboratively with the federal government and international regulators to ensure cooperation in the investigation and sharing of information related to cross border insurer failures and unlawful activity. The Delaware Insurance Commissioner chairs an NAIC committee that investigates potential fraud committed in insurance business and has been monitoring the transactions discussed in this report. The NAIC could serve as a liaison in resolving certain challenges arising in the resolution of the Bermuda and chapter 11 proceedings, as well as in coordinating the efforts of regulators in other countries impacted by the Vesttoo transactions. DLA Piper has offered to provide any information the NAIC may need to serve in these helpful capacities.

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<sup>6</sup> The Debtors are working with the JPLs on a potential protocol between the proceedings in Bermuda and the chapter 11 cases. While the Debtors hope that protocol will resolve various issues between the Debtors and the JPLs with respect to the chapter 11 cases and the chapter 15 proceeding, the Debtors reserve all rights and nothing in this First Interim Report is intended, nor shall be deemed, to be a waiver of such rights.

Debtors and their counsel have been and will continue to be responsive to insurance and law enforcement regulators in the US, Israel, Bermuda, and Hong Kong, as well as any international counterpart to the NAIC, *e.g.*, the International Association of Insurance Supervisors.

## **V. Re-Establishing Governance and Institutional Controls**

The failures described above were the direct result of a group of executives at Vesttoo creating and propagating a fraud, and their ability to maintain the appearance of “business as usual” to the insurance markets, the majority of Vesttoo employees and most importantly the Board of Directors of Vesttoo (the “**Board**”). Dissent was not countenanced and legitimate questions on transactions involving billions of dollars were ignored. For these very reasons, shortly after the commencement of internal investigation, the Board took immediate and decisive action. Three of Vesttoo’s executives Bertele, Lifshitz and Ginati were immediately placed on paid leave during the pendency of the investigation. The Board then appointed Ami Barlev as interim CEO to assist it with completing the investigation and identifying the core positive assets and employees to take the business forward and maximize value. Mr. Barlev has been the executive chairman and board member of a number of Israeli companies.

The Board then appointed an Ad Hoc Special Committee (the “**AHSC**”), which includes well-regarded industry veterans and directors on Vesttoo’s board, that was charged with directing the investigation and subsequent litigation and determining the future path for the Debtors. The AHSC comprises two well-regarded industry veterans, Chris Gottschalk and Pasha Romanovski. Mr. Gottschalk is the General Partner at Mouro Capital, a venture capital firm, with a focus on financial services companies. Mouro has over \$400 million in assets under management, with investment in early to growth stage businesses Europe, North America, and Latin America. Mr. Romanovski is the General Partner of Hanaco Ventures, a venture capital investment firm that invests seed-stage, early-stage, and later and growth-stage companies. The AHSC has engaged

Gene Kleinhendler as a counselor. Mr. Kleinhendler is a well-regarded Israeli attorney with over four decades of experience investigating fraud and white-collar crime.

In order to quickly address these deficiencies, the Debtors, led by a team of experienced re/insurance professionals, have been developing a two-part plan and has been implementing the first part. Part One involves installing institutional financial security controls and resolving outstanding contractual obligations on a commercial basis; second, the Debtors are already in the process of developing a restructuring plan that will be presented to the Court and creditors.

## **VI. Managing the Runoff of Existing Business**

To date, Part One has included:

1. Confirming the status of all reinsurance-related transactions that Vesttoo proposed to and/or did enter into (including, *e.g.*, whether reinsurance premium was received by the Debtors, whether a transaction was fully documented, whether collateral security was provided, and whether a transaction has effectively concluded);
2. Confirming the status and financial position of all segregated cells and Vesttoo investors (including receipt of premium and placement of collateral security, both historic and anticipated, and daily balances);
3. Confirming known and actuarially projected losses arising under reinsurance transactions to which Vesttoo segregated cells are associated or for which collateral security was provided;
4. Confirming the forms and amounts of collateral security posted and/or promised from Vesttoo's segregated cell investors;
5. Determining such investors' respective breaches of their financial obligations owed to Vesttoo segregated cells, and pursuing recovery from investors in default;
6. Tracking, preserving rights in respect of, and seeking to resolve unilateral draws against collateral security taken by cedents or retrocedents;
7. Confirming with transformers the Vesttoo's expectations that they will perform their contractual obligations and seeking their cooperation in the resolution of in-force business;
8. Contacting reinsurance brokers who introduced business to the transformers and Vesttoo cells, confirming Vesttoo's expectations that they will perform their contractual obligations, seeking their cooperation in the resolution of in-force

business obligations, inviting inquiries, and assuring them of the Vesttoo's intention to respond swiftly;

9. Responding to requests from cedents and/or retrocedents to cancel their reinsurance agreements and/or confirm that proposed agreements were not executed, and/or that executed agreements have expired;
10. Contacting the remaining cedents and retrocedents to confirm their intent to continue their relationship with the Debtors, or not;
11. Based on 1-10, determining Vesttoo's exposure to financial risk;
12. Developing processes for resolving outstanding reinsurance-related transactions;
13. Liaising with Vesttoo's team responsible for developing the Part Two restructuring plan (described below); and
14. Obtaining advice from legal counsel (DLA) in respect of Vesttoo's duties, obligations, and rights under all reinsurance transactions undertaken to date.

## **VII. Developing a Viable Restructuring Plan: "Trade Forward"**

While Vesttoo and its advisors have been addressing the myriad issues that have arisen in the wake of the scandal involving the fraudulent LOCs, the core group of business professionals led by the AHSC dedicated considerable energies toward determining (a) whether Vesttoo presents a viable business strategy for the future, and if so (b) what are the most advantageous strategies to maximize the value of the Debtors for the benefit of all stakeholders.

As to the initial query, it is abundantly clear that the recent crises have not diminished the considerable value created by Vesttoo. The Debtors have developed a state-of-the-art machine learning ecosystems which accurately and efficiently models insurance liabilities and automates large segments of the reinsurance value chain. The Debtors have the proven technological capabilities and a highly experienced team in place which has demonstrated its abilities to source, value and execute multi-dimensional insurance transaction. Among the key business drivers, Vesttoo has:

- Run its risk modeling pipeline over 20,000 times;
- More than 4 years of research and development by a team that at its peak consisted of 70 tech professionals;
- Demonstrated an ability to be profitable - the pre-crisis portfolio was profitable - 4.6% spread above risk free - demonstrating a true ability to match risk to returns; and
- Successfully sourced and placed approximately \$5 billion of insurance capacity and have the setup to do it again with limited additional resources.

The insurance and re-insurance sectors are in the midst of one of the best market environments in the past three decades. This presents an unparalleled opportunity to develop a diversified portfolio facility opportunity while delivering the lowest cost of reinsurance capital. Vesttoo's enhanced machine learning tools have the ability to provide enormous efficiencies for the market and the Debtors believe considerable financial upside for its stakeholders.

In assessing the future market opportunities are for Vesttoo, the Debtors have undertaken a comprehensive assessment of its value proposition, which reveals the following:

#### ASSESSMENT OF VESTTOO'S VALUE PROPOSITION: OVERVIEW

Category	Assessment	Comments
<b>Technology</b>		
Data handling	✓✓✓✓	✓ ETL processes including automated data cleaning and verification pipeline
Risk modeling	✓✓✓✓✓	✓ Mature and rigorously verified algorithmic P&C pipeline. Established and proven Life modeling capabilities. Algorithms for XoL and other risks in early production versions. Extensive performance analyses.
Financial Structuring	✓✓✓✓	✓ Advanced financial structuring of reinsurance deal from risk assessment. Algorithmic pricing and deal parameters including cash flows and all required analytics.
Cloud-based platform	✓✓✓	✓ Support for end-to-end transactions - from data to structured portfolios. Development roadmap for deal monitoring - ~3 months
<b>Insurance market</b>		
Sourcing risks from MGAs	✓✓✓✓✓	✓ Strong proof of concept with \$5bn+ of insurance risk sourced, predominately in US, with UK picking up. We believe reestablishing trust is possible with a new co.
Execution efficiency	✓✓✓✓	✓ Efficient and lean set up in place for sourcing, analysing and documentation of risks.
<b>Capital raising</b>		
Notes placement	✓✓✓	✓ Interest from a few potential investors. Full legal docs in place backed by Milliman and AM Best reports. S&P process commenced.
SMA placement	✓✓✓	✓ SMAs for entire portfolios or tweaked to investor appetite, each probably 6-9 months away.
Fund placement	✓✓	✓ Set up was just done but fund not launched. Based on initial feedback should be a suitable solution in due course, like CAT fund set-up
<b>Operational set up</b>		
Global regulatory operational set up	✓✓✓	✓ Regulatory and legal frameworks mostly in place in place X Compliance, risk management, corporate governance boosting needed to increase operational trust
Collateralized Insurer set up	✓✓✓✓✓	✓ We have the know-how and experience to set this up again



In furtherance of these efforts, the Debtors are now focused on developing a commercially reasonable and achievable plan for reforming and conducting its business going-forward, on both a short term and mid-term basis. The plan is called “Trade Forward”, and is being developed based upon a candid assessment of both the Debtors’ past failures and current market position as well as reasonable economic projections of future financial performance to be derived from the following anticipated operations:

- Rebranding and reputation recovery, including changing the Vesttoo name;
- Reconstituting the Vesttoo’s Board and implementing robust governance of the Debtors’ financial security operation;
- Establishing baselines for assessing the Debtors’ value proposition as an insurance linked security business, including *e.g.*, data handling, risk modeling and financial structuring; market opportunity; efficiency of transaction sourcing and execution; third party capacity for sharing risk; global regulatory compliance; and attracting capital investment;
- Restoring the Debtors’ credibility in the global insurance marketplace;
- Determining a go-forward business strategy based upon the lack of actual collateral support through LOCs;
- Continuing to develop the Debtors’ unique, accurate and efficient machine-based learning technologies for modeling, pricing and structuring insurable risk;
- Continually monitoring and validating the Debtors’ technology against a broad range of insurance lines of business; and
- Likely obtaining investment from the capital markets.

Based upon these principles, Trade Forward presents four viable and non-exclusive businesses that are based upon the foundation of what Vesttoo has built. The four potential pillars of the business are:

<b>Insurtech (Managing General Agent model)</b>	<b>Insurtech (Carrier model)</b>
Provide capital partners (traditional/non-traditional), superior return on insurance risk, Provide brokers/cedents with automated portfolio pricing solutions	Provide superior yield in investment through a diversified insurance carrier. Provide brokers/cedents with AI driven pricing and access to admitted and E&S platforms
<b>Capital Markets and Structuring</b>	<b>SaaS Product (Future Pivot)</b>
Vesttoo's tech and structures allow capital markets investors to source, evaluate and trade otherwise very difficult to access non-CAT P&C risks. Tech overlay is complementary to carrier/MGA platform resources wise	Offer software or services to price, structure, monitor, and commute an ILS transaction or portfolio of transactions

This is but a glimpse of the plan the Debtors intend to present to the Court and the Debtors' stakeholders as soon as possible. It assumes that various litigated matters (including the Bermudian proceedings and the chapter 15) will be successfully resolved and will not impede the process toward a successful emergence from bankruptcy; a result that seemed quite impossible to see just months ago.

Notwithstanding the Debtors' current difficulties—which are fully understood and not discounted by the Debtors in any respect—those difficulties arose from a failure to perform on a digital business platform that achieved widespread acceptance in the global insurance marketplace. It is that acceptance which demonstrates the viability and reasonably likely success of Trade Forward.

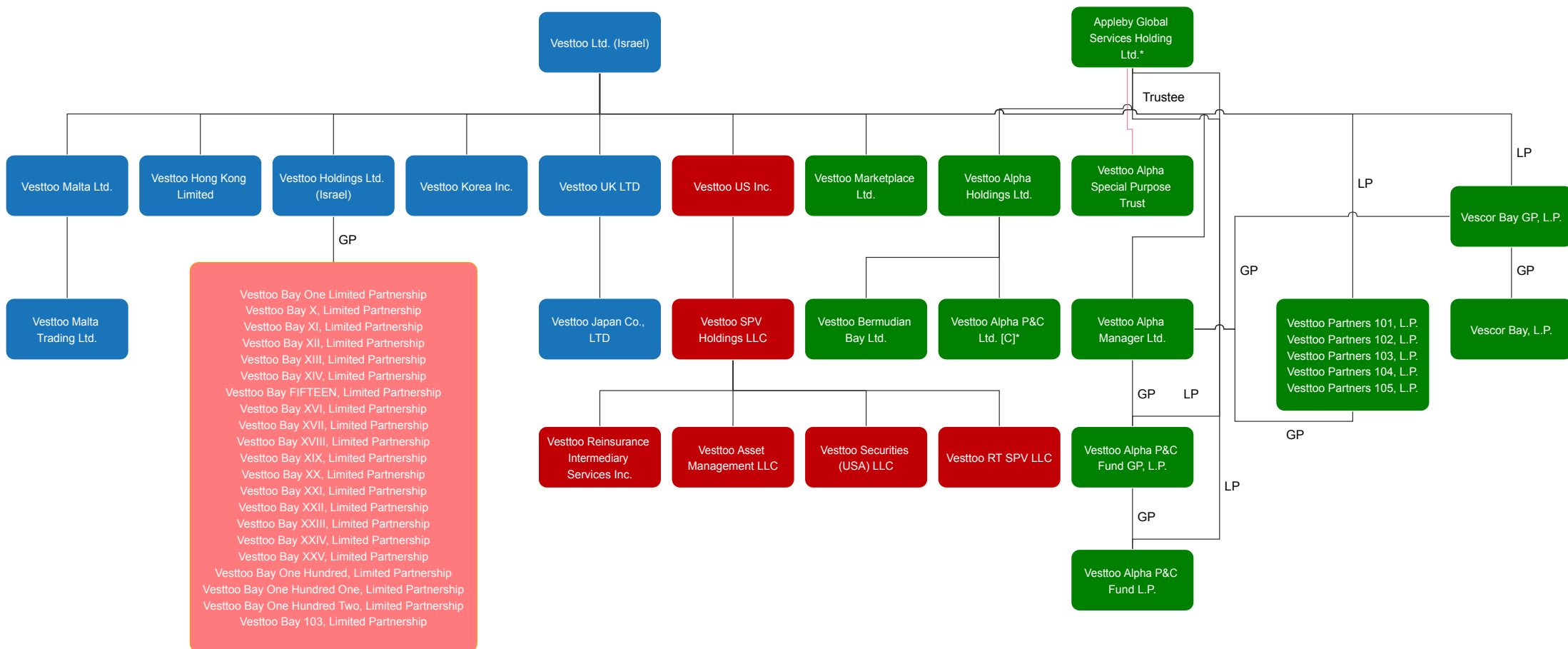
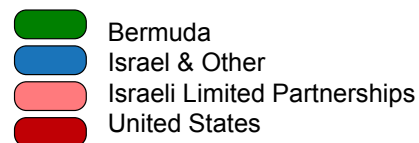
## **VIII. Conclusion**

There is no dispute that the actions of number of Vesttoo executives and others within their circle of influence have led to substantial value destruction and mistrust in the Vesttoo platform. The Debtors, led by the AHSC and its advisors are working diligently to bring those who have caused this damage to justice, while at the same rehabilitating the valuable Vesttoo platform and positioning it for future success for the benefit of all of the Debtors' stakeholders. While this effort is in its early stages, the Debtors will continue to provide updates on their on-going efforts.

**EXHIBIT A**

**Corporate Structure Chart**

## Vesttoo - Holding Structure as of August 1, 2023



\* non-Debtor entity

**EXHIBIT B**

**From:** <udi.ginati@vesttoo.com>  
**Sent:** Thur 6/8/2023 4:26:41 PM (UTC)  
**To:** "APAC Investment" <Apacinvestment@proton.me>, <gaber.ta@proton.me>, <davidfu12219@outlook.com>  
**Cc:** <udi.ginati@vesttoo.com>  
**Subject:** FW: American Integrity Deal brochure for LOC issuance (YuPo)  
**Attachment:** SBLOC CCB462242X Amercian Integrity V2 07062023 .pdf

Thank you Alan ,  
 Please ask Lam to send the attached file direct to :

[tamir.kalderon@vesttoo.com](mailto:tamir.kalderon@vesttoo.com)  
[adi.silver@vesttoo.com](mailto:adi.silver@vesttoo.com)

thank you

**From:** Fu David <davidfu12219@outlook.com>  
**Sent:** Thursday, June 8, 2023 6:07 PM  
**To:** udi.ginati@vesttoo.com; 'APAC Investment' <Apacinvestment@proton.me>; gaber.ta@proton.me  
**Subject:** 回覆: American Integrity Deal brochure for LOC issuance (YuPo)


Hi Team,

Please find enclosed file for signed SBLOC from CCB.

Regards,

寄件者: [udi.ginati@vesttoo.com](mailto:udi.ginati@vesttoo.com) <[udi.ginati@vesttoo.com](mailto:udi.ginati@vesttoo.com)>  
 寄件日期: 2023年6月8日 下午 06:18  
 收件者: 'APAC Investment' <[Apacinvestment@proton.me](mailto:Apacinvestment@proton.me)>; [gaber.ta@proton.me](mailto:gaber.ta@proton.me) <[gaber.ta@proton.me](mailto:gaber.ta@proton.me)>; [davidfu12219@outlook.com](mailto:davidfu12219@outlook.com) <[davidfu12219@outlook.com](mailto:davidfu12219@outlook.com)>  
 副本: [udi.ginati@vesttoo.com](mailto:udi.ginati@vesttoo.com) <[udi.ginati@vesttoo.com](mailto:udi.ginati@vesttoo.com)>  
 主旨: RE: American Integrity Deal brochure for LOC issuance (YuPo)

Hi Team ,  
 Please find attached the SBLOC for CCB to sign.  
 Thanks  
 Udi



China Construction Bank

**Acknowledged By:** China Construction Bank Corp. 1095 Avenue of The Americas 33rd Floor New York, NY 10036 USA

**Date:** June 8, 2023

**Issuer:**  
**Bank:**  
 China Construction Bank Corp.  
 No.900  
 Lujiazui Ring Road  
 Shanghai 2001204  
 SWIFT: CCBQHKAX

**Beneficiary:**  
 American Integrity Insurance Company of Florida  
 5426 Bay Center Drive  
 Tampa, FL, 33609

**Applicant:**  
 Vesttoo Alpha P&C Ltd. O/B/O Its Segregated Account V2-American Integrity  
 P.O. Box Hm3352  
 Wessex House, 3rd Floor  
 45 Reid Street  
 Hamilton Hm12, Bermuda

As per Applicant's request we, the bank specified above (hereinafter the "Bank") confirm that we hereby issue our clean Irrevocable and unconditional Standby Letter of Credit ("Standby") No. CCB462242X in favor of, the Beneficiary outlined above in the maximum aggregate amount of USD 13,800,029.

This Standby Letter of Credit is issued in connection with a certain Quota Share Reinsurance Agreement dated [December 31, 2022] by and between the Beneficiary and the Applicant.

Partial and multiple drawings are permitted under this Standby.

Funds under this Standby Letter of Credit are available and payable within 10 Calendar Days when accompanied by and subject to the following condition precedent/documents:

Beneficiary's signed certificate, in the form of Annex A attached hereto, stating:

- an event of withdrawal has occurred in accordance with the terms of the Quota Share Reinsurance Agreement as evidenced by written records.
- The amounts which are required to be withdrawn under the specific event of withdrawal.

Funds under this Standby Letter of Credit are available against presentation at this office of a Beneficiary's sight draft, drawn on us, marked "Drawn under Standby Letter of Credit No.

Beneficiary's signed statement in the form of Annex A, attached to the above documents must be made to the above which may be designated by us in a written notice delivered on or before the expiration date.

**from inception date.** Such expiration date will be for a period of one (1) year from the expiration date, least thirty (30) days prior to the then current expiration date. In addition, this Standby Letter of Credit shall remain in full force and effect for any such additional period. Notwithstanding the amount required at the end of the 4th year pursuant to the


..., New York time shall be deemed to be presented on the "Business Day" means a day on which we are open in Bermuda which the issuer Bank is located, to conduct our letter of not authorized or required by law or executive order to their territory in which the issuing Bank is located.

of the Applicant.

at drawings made under and in compliance with the terms of this Standby Letter of Credit. In addition, this Standby Letter of Credit shall remain in full force and effect for any such additional period. Notwithstanding the amount required at the end of the 4th year pursuant to the

Beneficiary submits to the exclusive jurisdiction of Bermuda within connection with any dispute related to this Standby or any matters contemplated hereby.

BANK



Authorized Signature

**American Integrity**

Sent: Mon 6/12/2023 1:10:10 AM (UTC)

From: Lam, Chun-Yin  
 To: adi.silver@vesttoo.com  
 CC: tamir.kalderon@vesttoo.com, Udi Ginati



SBLOC CCB462242X Amercian Integrity V2  
 07062023 .pdf  
 115.9 KB

Dear Adi,

Kindly find the approval of SBLC.  
 Please feel free to contact me if you have any further inquiry.

**Regards,**

**LAM CHUN YIN 林俊賢**

Relationship Manager, Causeway Bay Branch 客戶經理 – 銅鑼灣分行  
 Consumer Banking Division 零售銀行業務部  
 Tel: (852) 37187684 | Email: [Chun-Yin.Lam@asia.ccb.com](mailto:Chun-Yin.Lam@asia.ccb.com)



連續三年勇奪  
四項大灣區大獎

**Acknowledged By:**

China Construction Bank  
 Corp. 1095 Avenue of The  
 Americas 33rd Floor New  
 York, NY 10036 USA

Date: June 8, 2023

**Issuer:**

Bank  
 China Construction Bank Corp.  
 No.900  
 Lujiazui Ring Road  
 Shanghai 2001204  
 SWIFT: CCBQHKAX

**Beneficiary:**

American Integrity Insurance Company of Florida  
 5426 Bay Center Drive  
 Tampa, FL, 33609

**Applicant:**

Vesttoo Alpha P&C Ltd. O/B/O Its Segregated  
 Account V2-American Integrity  
 P.O. Box Hm3352  
 Wessex House, 3rd Floor  
 45 Reid Street  
 Hamilton Hm12, Bermuda

As per Applicant's request we, the bank specified above (hereinafter the "Bank") confirm that we hereby issue our clean Irrevocable and unconditional Standby Letter of Credit ("Standby") No. CCB462242X in favor of, the Beneficiary outlined above in the maximum aggregate amount of USD 13,800,029.

This Standby Letter of Credit is issued in connection with a certain Quota Share Reinsurance Agreement dated [December 31, 2022] by and between the Beneficiary and the Applicant.

Partial and multiple drawings are permitted under this Standby.

Funds under this Standby Letter of Credit are available and payable within 10 Calendar Days when accompanied by and subject to the following condition precedent/documents:

Beneficiary's signed certificate, in the form of Annex A attached hereto, stating:

- an event of withdrawal has occurred in accordance with the terms of the Quota Share Reinsurance Agreement as evidenced by written records.
- The amounts which are required to be withdrawn under the specific event of withdrawal.

Funds under this Standby Letter of Credit are available against presentation at this office of a Beneficiary's sight draft, drawn on us, marked "Drawn under Standby Letter of Credit No.

Beneficiary's signed statement in the form of Annex A, attached hereto, stating that the Beneficiary's address specified above, that the expiration date of the above documents must be made to the above Beneficiary which may be designated by us in a written notice delivered on or before the expiration date.

**from inception date.** Such expiration date will be for a period of one (1) year from the expiration date, least thirty (30) days prior to the then current expiration date. Notwithstanding the above, the expiration date of the above documents must be made to the above Beneficiary which may be designated by us in a written notice delivered on or before the expiration date.

..., New York time shall be deemed to be presented on the "Business Day" means a day on which we are open in Bermuda which the issuer Bank is located, to conduct our letter of credit not authorized or required by law or executive order to the territory in which the issuing Bank is located.

of the Applicant.

at drawings made under and in compliance with the terms of the Standby Letter of Credit will be duly honored by us. In addition, this Standby Letter of Credit is issued on our knowledge of our branch in the United States, located at New York, NY 10036.

Beneficiary submits to the exclusive jurisdiction of Bermuda within connection with any dispute related to this Standby or any matters contemplated hereby.

BANK

Authorized Signature



**EXHIBIT C**

**From:** Alex Witek <alexw@tollfreeforwarding.com>  
**Sent:** Mon 4/18/2022 8:56:20 PM (UTC)  
**To:** "yaniv@vesttoo.com" <yaniv@vesttoo.com>  
**Subject:** Re: TollFreeForwarding.com - Complete your Order [ ref:\_00Df4oKTD.\_5008c1JBRns:ref ]

Hello,  
Thanks for providing this. Please disregard the email you just received regarding the Malaga number (this has been cancelled).

Your **Spain - Madrid number +34 912 15 80 73** is active and forwarding calls to **+972-546809825**.

Plan 4 - \$29/month | 989 minutes included to Israel Mobile, \$0.053 per additional minute

Please let me know if you have any questions.

Best regards,

**Yaniv Bertele**

Chief Executive Officer

m (IL): +972-54-680-9825

m (US): +1-786-598-1822

e: [yaniv@vesttoo.com](mailto:yaniv@vesttoo.com)

EMAIL #1

**From:** Yaniv Bertele <yaniv@vesttoo.com>  
**Sent:** Mon 4/18/2022 9:55:51 PM (UTC)  
**To:** Yaniv Bertele <yaniv@vesttoo.com>  
**Subject:** Re: Vesttoo - LOC Confirmations

Alon,  
Not sure what audit needs they have but they could call my office for questions. My direct number is Santander direct PoC for the LoC issuances is Alex García.  
Office number  
+34 912 15 80 73

EMAIL #2

**From:** Yaniv Bertele <yaniv@vesttoo.com>  
**Sent:** Mon 4/18/2022 10:02:11 PM (UTC)  
**To:** Alon Lifshitz <alon@vesttoo.com>  
**Subject:** Re: Vesttoo - LOC Confirmations

On Tue, Apr 19, 2022 at 12:55 AM García, Alex wrote:  
>  
> Alon,  
> Not sure what audit needs they have but they could call my office for questions. My direct number is  
> +34 912 15 80 73. Best, Alex  
>>  
>>  
>>



BANCO SANTANDER, S.A., NEW YORK BRANCH  
45 EAST 53RD STREET, 12TH FLOOR  
NEW YORK, NY 10022  
UNITED STATES

JULY 15TH, 2022

STANDBY LETTER OF CREDIT NO. SBL7942-V1071522-BCST

BENEFICIARY:  
MARCEL BERMUDA LIMITED  
4521 HIGHWOODS PARKWAY  
GLEN ALLEN, VA 23060

APPLICANT:  
VESTTOO BAY XV, LP ("VB"), ON BEHALF OF:  
WHITE ROCK INSURANCE (SAC) LTD.  
ACTING IN RESPECT OF ITS SEGREGATED ACCOUNT  
DESIGNATED AS "T93 - VESTTOO"  
C/O AON INSURANCE MANAGERS (BERMUDA) LTD.  
6 FRONT STREET  
HAMILTON, HM11  
BERMUDA

AS PER APPLICANT'S REQUEST WE, THE BANK, SPECIFIED ABOVE (HEREINAFTER THE "BANK")  
CONFIRM THAT WE HEREBY ISSUE OUR IRREVOCABLE STANDBY LETTER OF CREDIT NO. SBL7942-  
V1071522-BCST IN FAVOR OF, THE BENEFICIARY OUTLINED ABOVE, FOR THE ACCOUNT OF WHITE ROCK  
INSURANCE (SAC) LTD., ACTING IN RESPECT OF ITS SEGREGATED ACCOUNT DESIGNATED AS "T93 -  
VESTTOO", C/O AON INSURANCE MANAGERS (BERMUDA) LTD. (THE COUNTERPARTY) IN THE MAXIMUM  
AGGREGATE AMOUNT OF USD 77,750,000.00 (SEVENTY SEVEN MILLION, SEVEN HUNDRED AND FIFTY  
THOUSAND USD)

THIS STANDBY LETTER OF CREDIT IS ISSUED IN CONNECTION WITH A CERTAIN FACULTATIVE  
REINSURANCE CERTIFICATE WR-T93-2022-2 DATED JUNE 23, 2022, BY AND BETWEEN THE BENEFICIARY  
AND WHITE ROCK INSURANCE (SAC) LTD., ACTING IN RESPECT OF ITS SEGREGATED ACCOUNT  
DESIGNATED AS "T93 - VESTTOO".

PARTIAL AND MULTIPLE DRAWINGS ARE PERMITTED UNDER THIS STANDBY LETTER OF CREDIT.

FUNDS UNDER THIS STANDBY LETTER OF CREDIT ARE AVAILABLE AND PAYABLE WITHIN 10  
CALENDAR DAYS WHEN ACCOMPANIED BY AND SUBJECT TO THE FOLLOWING CONDITION  
PRECEDENT/DOCUMENTS:

1. BENEFICIARY'S SIGNED CERTIFICATE, IN THE FORM OF ANNEX A ATTACHED HERETO,  
STATING:
  - A. AN EVENT OF WITHDRAWAL HAS OCCURRED IN ACCORDANCE WITH THE TERMS OF  
THE FACULTATIVE REINSURANCE CERTIFICATE WR-T93-2022-2 AS EVIDENCED BY  
WRITTEN RECORDS;
  - B. THE AMOUNTS WHICH ARE REQUIRED TO BE WITHDRAWN UNDER THE SPECIFIC EVENT  
OF WITHDRAWAL.
2. APPLICANT WILL INFORM THE COUNTERPARTY OF ANY CHANGE OF THE AGREEMENTS  
AND/OR LEGAL STATUS.

FUNDS UNDER THIS STANDBY LETTER OF CREDIT ARE AVAILABLE AGAINST PRESENTATION AT THIS  
OFFICE OF A BENEFICIARY'S SIGHT DRAFT, DRAWN ON US, MARKED "DRAWN UNDER STANDBY LETTER  
OF CREDIT NO. SBL7942-V1071522-BCST ACCOMPANIED BY BENEFICIARY'S SIGNED STATEMENT IN THE



THIS STANDBY LETTER OF CREDIT EXPIRES FIVE (5) YEARS FROM ISSUANCE DATE. SUCH  
EXPIRATION DATE WILL BE AUTOMATICALLY EXTENDED WITHOUT AMENDMENT FOR A PERIOD OF  
ONE (1) YEAR FROM THE EXPIRATION DATE, OR ANY FUTURE EXPIRATION DATE, UNLESS AT LEAST  
THIRTY (30) DAYS PRIOR TO THE THEN CURRENT EXPIRATION DATE WE SEND NOTICE TO BENEFICIARY  
AT BENEFICIARY'S ADDRESS SPECIFIED ABOVE, THAT THE EXPIRATION DATE OF THIS STANDBY  
LETTER OF CREDIT WILL NOT BE EXTENDED FOR ANY SUCH ADDITIONAL PERIOD.

NOTWITHSTANDING THE ABOVE, THE BENEFICIARY MAY DRAW THE AMOUNT REQUIRED AT THE  
END OF THE FIFTH (5) YEAR, PURSUANT TO GENERAL CONDITION 17. C. OF THE FACULTATIVE  
REINSURANCE CERTIFICATE WR-T93-2022-2.

DRAWINGS RECEIVED BY US AFTER 3:00 P.M., NEW YORK TIME SHALL BE DEEMED TO BE PRESENTED  
ON THE FOLLOWING BUSINESS DAY. THE TERM "BUSINESS DAY" MEANS A DAY ON WHICH WE ARE  
OPEN IN BERMUDA AND NEW YORK OR ANY OTHER TERRITORY IN WHICH THE ISSUING BANK IS  
LOCATED, TO CONDUCT OUR STANDBY LETTER OF CREDIT BUSINESS AND ON WHICH BANKS ARE NOT  
AUTHORIZED OR REQUIRED BY LAW OR EXECUTIVE ORDER TO CLOSE IN BERMUDA OR NEW YORK OR  
ANY OTHER TERRITORY IN WHICH THE ISSUING BANK IS LOCATED.

ALL BANKING CHARGES ARE FOR THE ACCOUNT OF THE APPLICANT.

WE HEREBY AGREE WITH THE BENEFICIARY THAT DRAWINGS MADE UNDER AND IN COMPLIANCE  
WITH THE TERMS AND CONDITIONS OF THE STANDBY LETTER OF CREDIT WILL BE DULY HONORED BY  
US. IN ADDITION, THIS STANDBY LETTER OF CREDIT SHALL BE SIGNED WITH THE KNOWLEDGE OF  
SANTANDER BANK, N.A. AND SANTANDER HOLDINGS USA, INC.

BENEFICIARY SUBMITS TO THE EXCLUSIVE JURISDICTION OF BERMUDA WITHIN CONNECTION WITH  
ANY DISPUTE RELATED TO THIS STANDBY LETTER OF CREDIT OR ANY MATTERS CONTEMPLATED  
HEREBY.

SINCERELY,

ALEX GARCIA

DEPUTY MD, SECURITIES FINANCE & COLLATERAL MANAGEMENT