



AMERICAN  
BANKRUPTCY  
INSTITUTE

# Southwest Bankruptcy Conference

*Business*

## **Bank Failures**

**Hon. Martin R. Barash**

U.S. Bankruptcy Court (C.D. Cal.) | Woodland Hills

**Geoffrey S. Goodman**

Foley & Lardner LLP | Chicago

**Jeff Liu**

Alvarez & Marsal | Los Angeles

**William J. Nolan**

FTI Consulting, Inc. | Charlotte, N.C.

CONCURRENT SESSION

2023



## Agenda

- I. Overview of Banking Issues & FDIC
- II. Overview of Receivership Powers
- III. Market Conditions
- IV. Regulatory Environment
- V. Legal Aspects
- VI. Q&A



## I. Overview of Banking Issues & FDIC

3



## Timeline of Bank Failures

Key drivers of the **GFC**:

- Rising interest rates
- Subprime mortgage crisis
- Excessive risk taking among banks

Key drivers of the **2023 Banking Crisis**:

- Rising interest rates
- Held-To-Maturity losses
- Yield curve inversion

Jul '08

**Jul '08: IndyMac** collapses. The bank underwrote Alt-A mortgages using bank deposits as funding. IndyMac experienced a **bank run** and was seized by regulators shortly after

**Sep '08: Regulators seize WaMu** and arrange a sale of assets to JP Morgan Chase. The largest bank failure in US history at the time. Failed due to collapse of MBS market and overexpansion

Aug '09

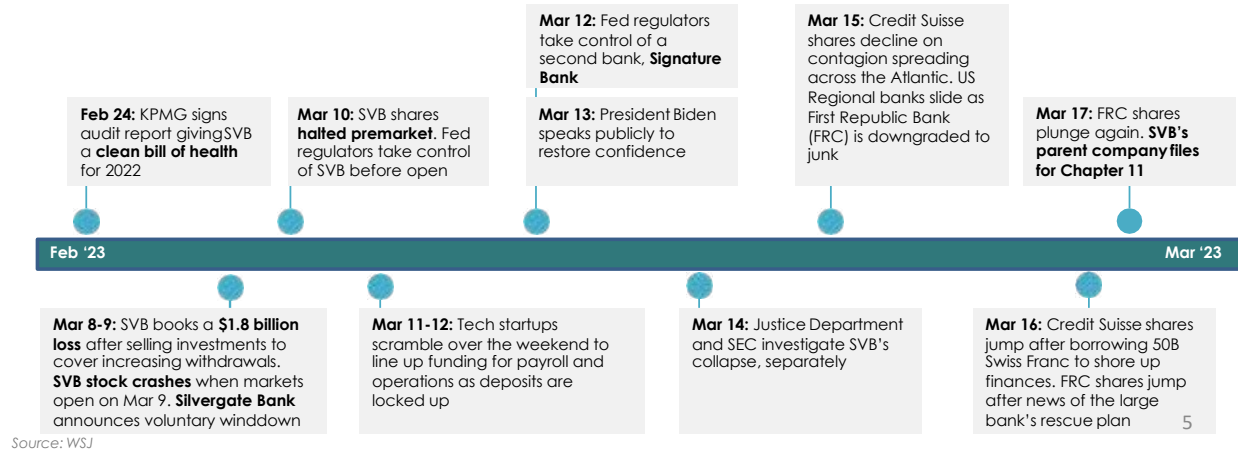
**Aug '09: Colonial Bank** was seized by regulators due to mortgage fraud and major exposure to real estate lending. This was the largest bank failure of 2009

Source: FDIC

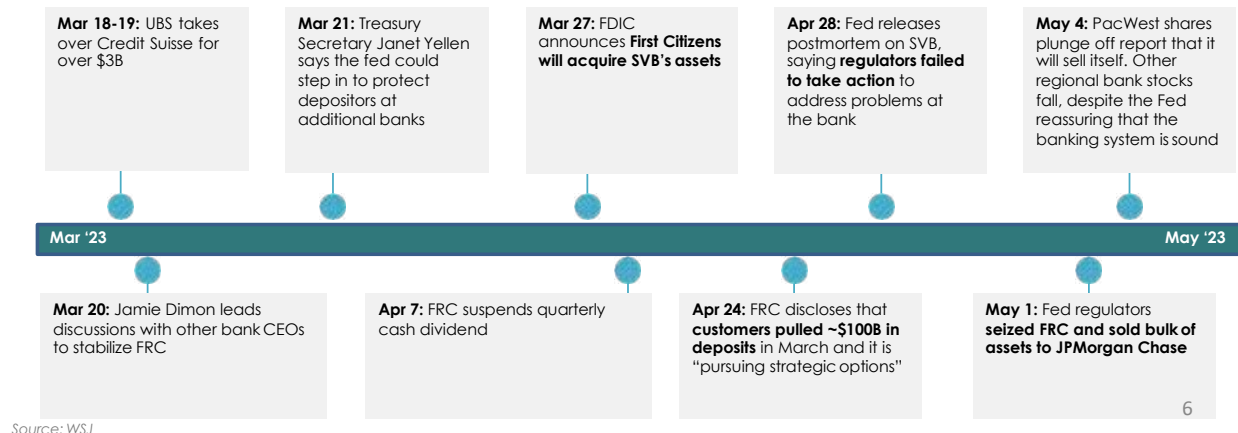
4



## Timeline of Bank Failures (cont.)

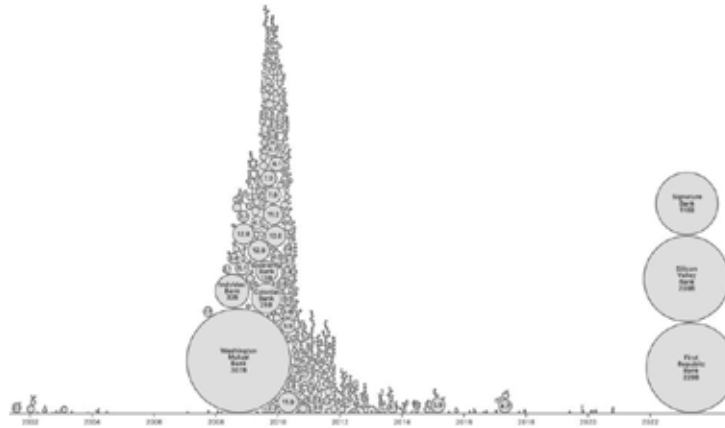


## Timeline of Bank Failures (cont.)





## Bank Failures Since 2000

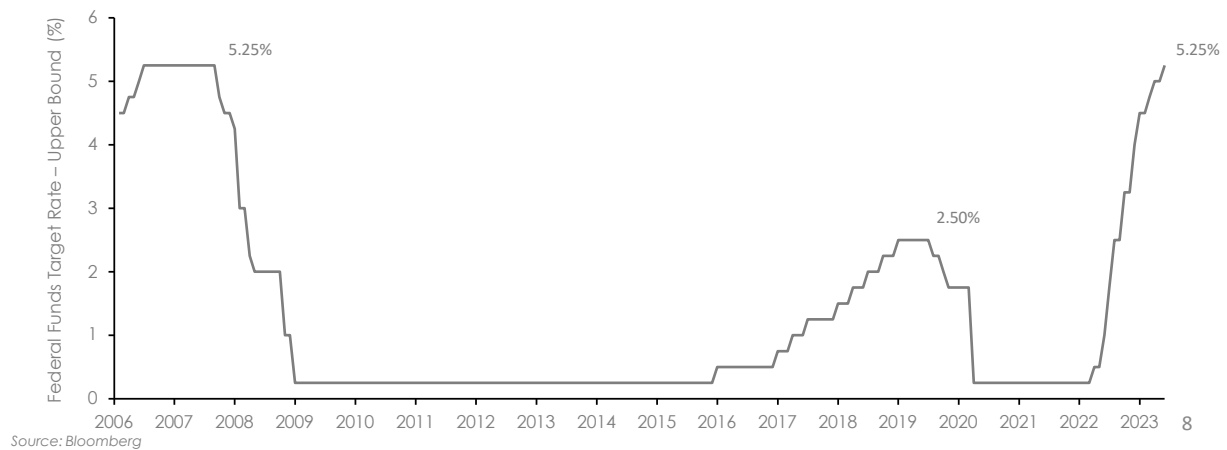


Source: FDIC.gov

7



## Interest Rate Hikes Since 2006

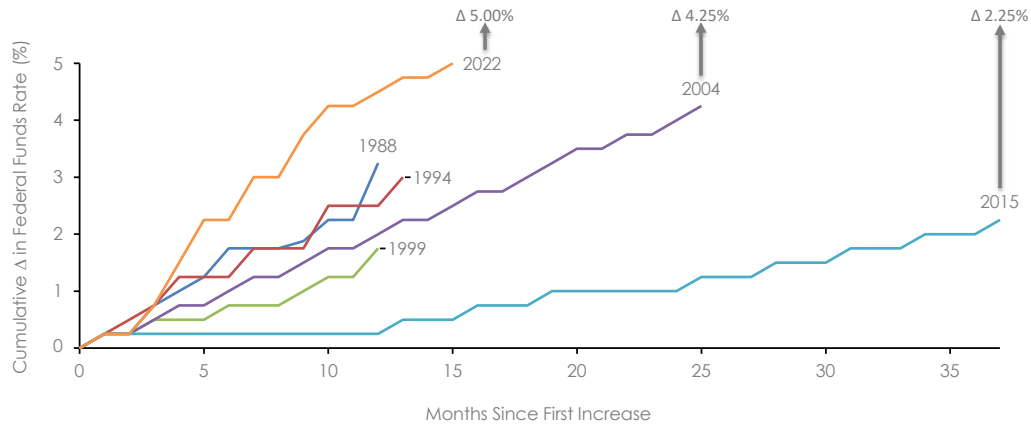


Source: Bloomberg

8



## Historical Federal Fund Rate Increases



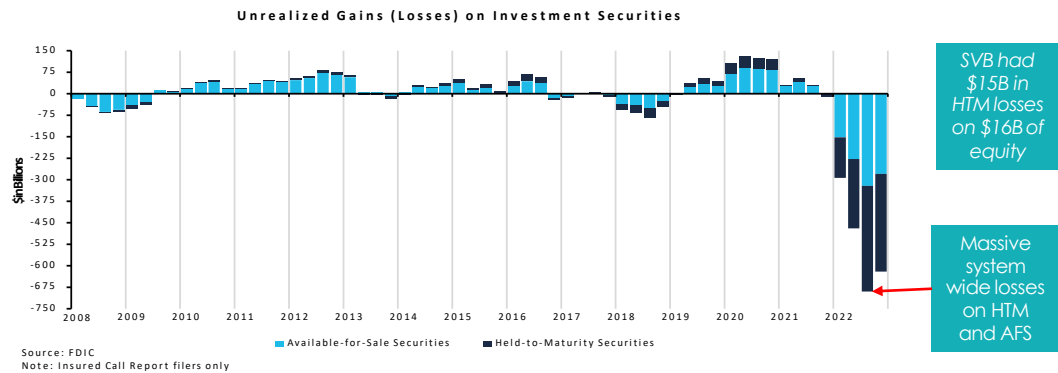
Source: Bloomberg

9



## Unrealized Losses for Banks?

- Held to Maturity Securities ("HTM") recorded at cost—unrealized losses do not impact the income statement
- Available for Sale Securities ("AFS") recorded at fair value but not via the income statement



Unrealized losses on HTM and AFS securities are approaching \$700B across the banking system

10





## FDIC – Program To Insure Depositors

Maintains stability and public confidence in the US financial system through the Deposit Insurance Fund (DIF)

- Primary objectives
  - Insure deposits and protect the depositors of insured banking institutions
  - Resolve and assist failed banks
- Two sources of funding
  - **Assessments**, or insurance premiums, on FDIC-insured institutions
  - **Interest earned** on funds invested in U.S. government obligations
- Fund management
  - Maintain a level to uphold public confidence
  - Dodd-Frank Act (2010) – set requirements for the Designed Reserve Ratio (DRR) and redefined the assessment base
    - **DRR** = DIF / Total Estimated Insured Deposits. DRR is set to **2.0%**
    - **Assessment Base** = (Average consolidated total assets – Average tangible equity)
      - Bank's pay assessments on **total liabilities**, not on only insured deposits
      - Average tangible equity = (Average common stockholders' equity – Annual average goodwill – Average identifiable intangible assets)

Source: FDIC.gov

11



## FDIC – Insurance Premium For Banks

DIF is maintained through **quarterly assessments** on insured banks: Assessment rate \* Assessment base

- Small banks (Less than \$10 billion in assets)
  - Assigned an individual rate based on a formula using financial data and CAMELS component ratings:
    - Capital adequacy, Asset quality, Management, Earnings, Liquidity, and Sensitivity
- Large banks (\$10 billion or more in assets)
  - Assigned an individual rate based on a scorecard
  - There are two versions of the scorecard: one for most large institutions and a second for highly complex institutions
  - Combine the following measures:
    - CAMELS component ratings, financial measures used to measure bank's ability to withstand asset and funding related stress, and a measure of loss severity that measures potential losses to FDIC in the event of a failure
- Subject to adjustments
  - Decrease for issuance of long-term unsecured debt
  - Increase for holdings of long-term unsecured/subordinated debt issued by other insured banks
  - For banks that are not well-capitalized or well-rated, increase for significant holdings of brokered deposits

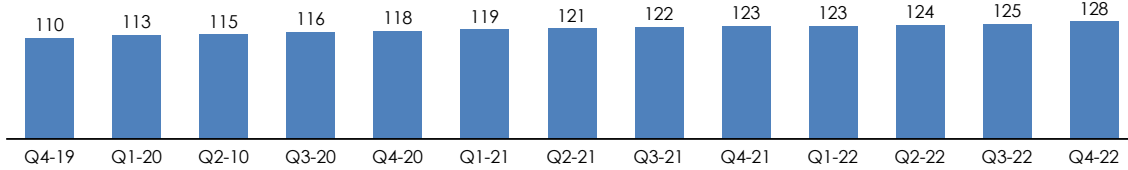
Source: FDIC.gov

12

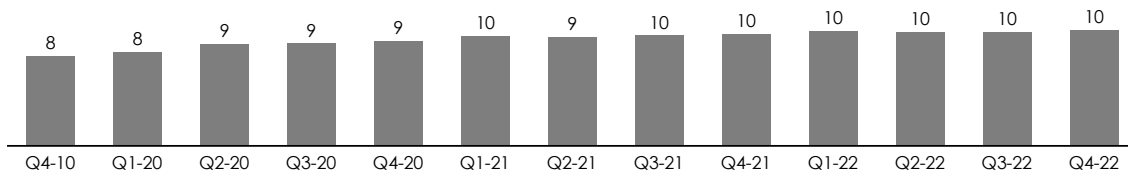


## FDIC – Program To Insure Depositors

DIF Balance (\$, Billions)



DIF – Insured Deposits (\$, Trillions)



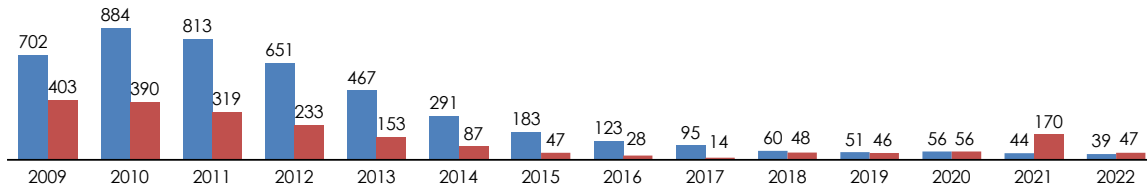
Source: FDIC.gov

13

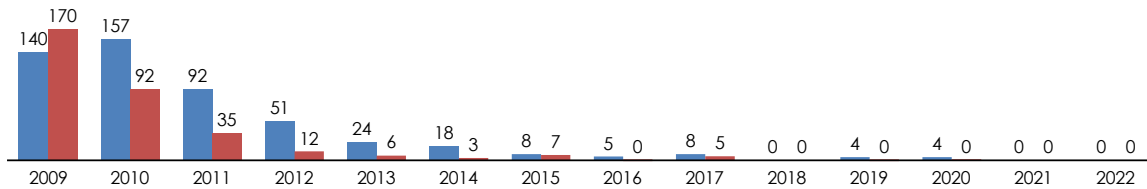


## FDIC – Program To Insure Depositors

Problem Institutions



Failed Institutions



Source: FDIC.gov

14





## II. Receivership Powers & Flexibility

15



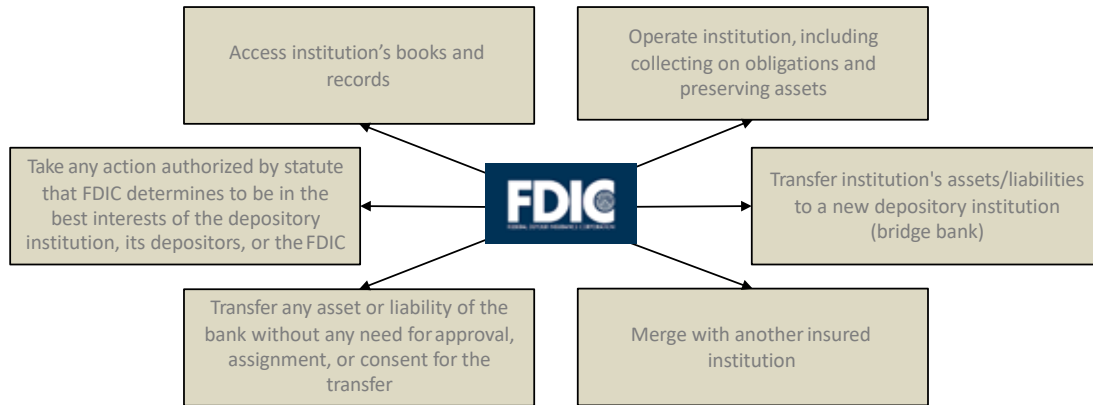
### Overview of Receivership Powers/Flexibility

- How does FDIC make decisions to put into receivership
- How do claims work: priority and claims process
- Single point of entry
- Operational issues from Holdco/bank being in separate processes

16



## FDIC Powers as a Receiver



17



## Claims Process

- FDIC has broad powers to establish claim filing and review procedures
- Courts lack subject matter jurisdiction to intervene in the process or hear claims before the claimholder goes through the claims process
- Mandatory timeframes / deadlines:
  - Deadline to submit proofs of claim (not less than 90 days after notice)
  - FDIC has 180 days to decide whether to allow or disallow
- Failure to file a claim results in mandatory disallowance

## Claims Priority

1. Secured claims / Claims for funds held in trust
2. Administrative costs
3. Deposit liabilities
4. Other general or senior liabilities of the bank
5. Subordinated obligations
6. Equity holder claims

18



## Single Point of Entry Overview

- Under the Dodd-Frank Act, FDIC can place a financial institution into an FDIC receivership process
  - Fall back to bankruptcy if determined that a bankruptcy would have serious adverse effects on U.S. financial stability
- FDIC developed SPOE strategy as potential tool in such situations
  - Would place bank holding company into receivership
  - Would hold shareholders, debt holder, management of holding company accountable for failure
  - Operating subsidiaries would remain open to avoid systemic contagion

19



## III. Market Conditions

20



## Bank Term Loan Program – Mar 2023

- To provide liquidity to U.S. depository institutions, each Federal Reserve Bank would make advances to eligible borrowers, taking as collateral certain types of securities
  - Many of the securities that would be collateral (e.g., long term treasuries) could not be sold for par today given current rate environment
    - Rate is one-year overnight index swap rate plus 10 basis points
    - Eligible collateral is any collateral eligible for purchase by the Federal Reserve banks in open market operations (so long as owned by borrower on 3/12/2023)
    - Collateral valued at par, with margin = 100% of par value
- Department of the Treasury will make available up to \$25 billion from the Exchange Stabilization Fund as a backstop for the BTFP
- Depository institutions may obtain liquidity against a wide range of collateral through the discount window
- Program Duration: Advances can be requested under the Program until March 11<sup>th</sup>, 2024

Source: [federalreserve.gov](https://www.federalreserve.gov)

21



## Federal Home Loan Banking

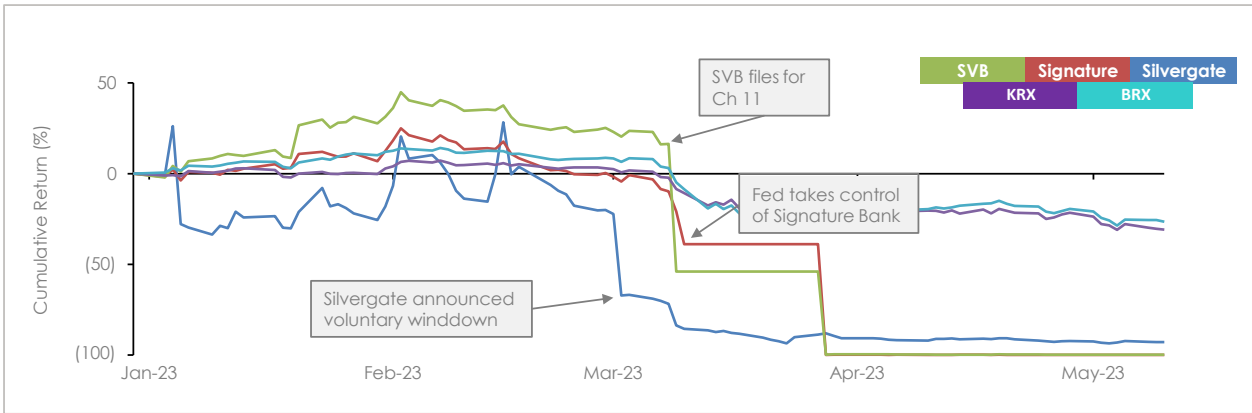
- The FHLB is defined as a funding source for a variety of mortgage products, including those focused on very low- and low- and moderate- income households
  - Advances help members originate mortgages that they want to hold in portfolio or sell later
- Silicon Valley Bank, Signature Bank and Silvergate Bank were among the largest borrowers last year of the FHLB
  - The three failed banks received a combined \$30.6B from the FHLB last year
- Other banks with interest rate-related strains were among the largest borrowers of the FHLB System last year, including First Republic Bank and Charles Schwab
- The \$1.2T FHLB System has pumped nearly \$500B into the banking industry so far this year

Source: Bloomberg

22



## Regional Bank Stock Performance

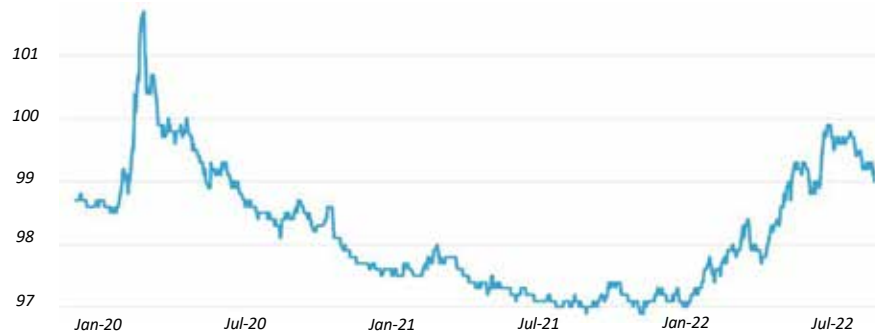


Source: Yahoo Finance

23



## Goldman Sachs US Financial Conditions Index



Falling value indicates loosening, and rising value indicates tightening. The historical index average is 100 points

Source: reuters.com

24



## IV. Current Regulatory Environment

25



### Deposit Insurance

FDIC's report on deposit insurance system and call for "targeted" coverage reform. Trends in uninsured deposits have increased the exposure of the banking system to bank runs. Technological changes may increase the risk of bank runs

A primary objective of deposit insurance is to promote financial stability

- **Limited Coverage:** maintains the current structure
- **Unlimited Coverage:** provides unlimited deposit insurance
- **Targeted Coverage:** allows for different levels of deposit insurance coverage across different types of accounts; higher coverage for business payment accounts; possibility that some account types receive unlimited coverage, while others do not

Recently, congress has discussed the possibility of private insurance of deposits

Source: fdic.gov

26





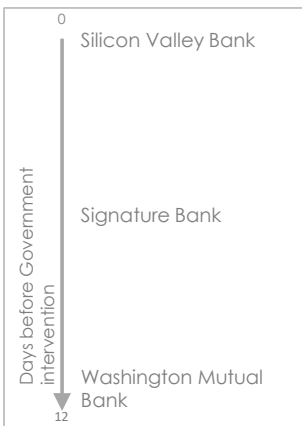
## Dimon 9 Point Plan

1. We want to strengthen regional, midsized & community banks, which are essential to American economic system
2. We need large, complex banks to continue to play a critical role in the U.S. and global financial system
3. We should want a system in which a bank failure does not cause undue panic and financial harm
4. We want proper transparency and strong regulations
5. We should want market makers to have the ability to effectively intermediate
6. We need banks to be there for their clients in tough times
7. Regulation, particularly stress testing, should be more thoughtful and forward looking
8. We should decide *a priori* what should stay in the regulatory system and what shouldn't
9. We need banks to be attractive investments

27



## Recent Government Intervention



- In late 2022, SVB held \$209B in assets and \$191B in deposits, primarily from private banking and VC Funds
- On Mar 9<sup>th</sup>, 2023, SVB notes on an investor call that it is raising capital to satisfy liquidity
- On Mar 10<sup>th</sup>, 2023, SVB's stock dropped 70%. Over the weekend, the FDIC stepped in and took control
- In late 2022, Signature held \$110B in assets and \$89B in deposits, primarily in the digital banking industry
- Without warning to the market, regulators seized Signature Bank on the same weekend as SVB
- Prior to the bank's closure, there had been rumor that Signature might fail (including as a result of its exposure to cryptocurrency clients and potential related regulatory risks)
- On Sep 15<sup>th</sup>, 2008, WaMu's holding company received a credit rating agency downgrade, triggering a nine-day bank run where customers withdrew \$16.7B in deposits
- From Jul 2008 through Sep 24<sup>th</sup>, 2008, customers withdrew a total of \$22B in cash deposits
- On Sep 24<sup>th</sup>, 2008, Office of Thrift Supervision closed the bank and FDIC sells its assets to JPM for \$1.9B

28



## Regulatory Response

### Key Bank Issues:

- **Rate increases:** The Fed has engaged in an aggressive tightening campaign, raising rates from near 0% to 5%+ in 16 months (the quickest pace since the 1980s)
- **Duration mismatch:** Banks invested in longer term treasuries at ultra-low interest rates. Once rates increased, those securities portfolios declined in value (the now-well known "HTM losses")
- **Management missteps:** Large banks (\$50B+ in assets) are required to have a risk committee that reports to the Board. In several instances, these committees appear to have lacked proper experience and have not provided appropriate oversight. In particular—and despite obvious risks—several banks engaged in the unhedged "invest long", "borrow short" strategy that took down SVB. HTM losses as well as other issues (often related, including in bank's commercial real estate lending portfolios), will likely continue to impact the market in the months and quarters to come

### Leads to:

- **Management claw backs:** The Senate Banking Committee is exploring how it can strengthen its claw back powers. The committee is focusing on bank executives' compensation, specifically during the five years leading up to the failure

29



## V. Legal Aspects

30



## The Basics

- A Bank **cannot be a debtor** under any chapter of the Bankruptcy Code. 11 U.S.C. § 109.
- As discussed later, a **bank holding company generally is eligible** to seek relief under the Bankruptcy Code.
  - This leads to a unique interplay between competing regimes.
- Instead, the **FDIC as conservator or receiver** administers insolvencies and failures of FDIC-insured banks. See 12 U.S.C. §§ 1811-1835a.
- Unlike a bankruptcy, an FDIC receivership is not a proceeding filed in a court.

31



## How is a Receiver Appointed?

- The FDIC's Board of Directors has authority to **appoint the FDIC as sole conservator or receiver of a Bank**, after consultation with the appropriate federal banking agency and the appropriate state supervisor (if any), if:
  - The Board determines that certain statutory grounds exist; and
  - The appointment is necessary to prevent loss to the Deposit Insurance Fund.
- The **grounds for appointment** of the FDIC as conservator or receiver **include**:
  - Insolvency
  - Substantial dissipation of assets or earnings
  - Unsafe or unsound conditions to transact business
  - An inability to pay obligations or meet depositors' demands in the normal course of business
  - Losses that will deplete all or substantially all of its capital
  - Undercapitalization

32



## Overview of Receiver's Powers

- The FDIC **steps into the shoes** of an insolvent Bank
  - It succeeds to all rights, powers etc. of the Bank, and of any stockholder, member, accountholder, depositor, officer, or director of such bank
  - It also succeeds to the assets of the Bank, and to title to the books, records, and assets of any legal custodian of the Bank
- **Essentially, think of the FDIC as a Super Trustee, so to speak**

33



## Powers of the Receiver

- **Making of Loans and Liquidation of Assets**
  - FDIC can (but probably won't) make loans and secure them with the assets of the Bank
    - The FDIC has opined that "the role of the receiver generally precludes continuing the lending operations of a failed bank; however, the FDIC will consider advancing funds if it determines an advance is in the best interest of the receivership, such as to protect or enhance collateral, or to ensure maximum recovery to the receivership."
  - FDIC can liquidate any assets of the Bank.
  - The FDIC may also purchase any such assets or accept an assignment of the liabilities of a Bank under its general corporate powers in order to facilitate a merger or consolidation of a Bank or the sale of assets of such Bank and the assumption of its liabilities
- **Mergers and Transfers of Assets and Liabilities**
  - The FDIC can merge an insolvent Bank with another Bank or transfer any asset or liability of the Bank in default, without any approval, assignment, or consent with respect to such transfer.
  - No such transfer may be made to another depository institution, other than a new depository institution or a bridge depository institution, without the approval of the appropriate federal banking agency for such institution.

34



## Powers of the Receiver (cont'd)

- **Setting up a Bridge Depository Institution**
  - Key power of the FDIC
  - To facilitate a sale whereby a failed Bank's assets are marketed to a healthy one, where it is not possible to structure such a transaction immediately upon the appointment of the FDIC as receiver, the FDIC may organize a bridge depository institution
  - The Bridge Bank can assume the assets and liabilities of the failed Bank
  - The intention is to keep the Bank operating while it is being marketed to a new buyer, reducing creditor/depositor pain and systemic risk.
  - In many ways, the failed Bank is a "hot potato" and the Bridge Bank is a intermediate vehicle to get it out of the FDIC's hands (if it can) as painlessly as possible.

35



## SVB and the Bridge Bank

- FDIC created Silicon Valley Bridge Bank, N.A. on March 10, 2023, 3 days after becoming receiver
- Depositors continued to have access to their funds at the Bridge Bank
- The Bridge Bank was created to manage the SVB's assets pending a sale to a healthy bank
- Qualified Financial Contracts (QFCs) at SVB also transferred to the Bridge Bank (more on that below)

36



## Transfer to First Citizens

- Effective 3-27-23, First Citizens Bank acquired the deposits and loans of SVB Bridge Bank
- Depositors of SVB automatically became depositors of First Citizens
- Of the \$162 billion in SVB assets, \$72B transferred to First Citizens, with the rest (\$90B) remaining in the receivership
- First Citizens and FDIC have a loss share arrangement on loans
  - Share in upside and downside
  - FDIC also received equity appreciation rights in First Citizens' common stock.

37



## Enforcement of Contracts

- The FDIC succeeds to the Bank's right to **enforce contracts**
  - Loan defaults
  - Collection activities
  - Legal actions etc.
- **90-Day Stay:** Without the FDIC's consent, for 90 days after the Receiver's appointment:
  - No person may exercise any right to terminate, accelerate, or declare a default under any contract to which the Bank is a party, or
  - Obtain possession of or exercise control over any collateral or other property of the institution or affect any contractual rights of the institution
  - Ipso facto clauses are also enforceable.
  - This 90-day stay and ipso facto points do not apply to QFCs, discussed below.
  - The Bridge Bank (if created) may not enforce the stay either

38





## Repudiation of Contracts

- The FDIC may **repudiate any contract or lease** to which a bank is a party, the performance of which
  - The FDIC determines to be burdensome, and
  - If repudiation will promote the orderly administration of the Bank's affairs.
- This is somewhat akin to the estate's power to reject contracts in bankruptcy.
- The FDIC is required to determine whether or not to exercise the rights of repudiation under this subsection **within a reasonable period following its appointment as conservator or receiver.**
- In the event of repudiation, the contractual counterparty's damages generally are limited to direct compensatory damages.

39



## Treatment of QFCs

- If your client has a contract with a troubled bank, a key initial question is does the contract qualify as a "Qualified Financial Contract" (QFC)?
- Under the FDIA, certain financial market transactions qualify as QFCs, such as:
  - Commodity contracts
  - Securities contracts
  - Forward contracts
  - Swap agreements, and
  - Repurchase agreements

40



## Treatment of QFCs (cont'd)

- **General Rule – You can enforce a QFC against the Insolvent Bank**
  - The general rule in a bank insolvency is that a counterparty to a QFC may exercise its termination, liquidation and acceleration rights in such contracts notwithstanding the receivership of its Bank counterparty. See 12 U.S.C. § 1821(e)(8)(A).
  - The counterparty can also exercise rights of setoff and access to any credit enhancement (posted collateral etc.) notwithstanding the receivership.
  - This is similar to the “safe harbor” rights that counterparties have under the Bankruptcy Code (e.g., 11 U.S.C. §§ 555, 556, 560, 561).

41



## Treatment of QFCs (cont'd)

- **But there is a Stay of the right to enforce a QFC**
- A counterparty cannot exercise its termination, liquidation or netting rights “solely by reason of or incidental to the appointment of a receiver for the depository institution (or the insolvency or financial condition of the depository institution for which the receiver has been appointed)—”
  - Until 5:00 p.m. (eastern time) on the business day following the date of the appointment of the receiver; or
  - after the counterparty has received notice that the QFC has been transferred pursuant to statutory authority.

42



## Treatment of Deposits

### What Happens to Deposits?

- When a Bank fails, the FDIC typically tries to arrange for a merger or purchase and assumption transaction in which a healthy Bank assumes the deposit liabilities of the failed Bank.
- If that effort is successful, as with SVB, the depositors will not suffer a financial loss.
- If it is not successful, the failed Bank will be liquidated, and the FDIC will pay off the insured deposits up to the \$250,000 ceiling for each depositor.
- **The treatment of deposits in excess of the \$250,000 ceiling will depend on whether the deposits are deemed to be “general” deposits or “special” deposits.**

43



## Treatment of Deposits (cont'd)

### **MAKE THOSE DEPOSITS SPECIAL ONES!**

- Claims arising from “**general deposits**” are only unsecured claims against the receivership estate.
  - The customer who makes a general deposit gives up title to the property deposited.
- “**Special deposits**,” on the other hand, are like bailments in which the Bank becomes a bailee and the depositor retains title to the things or money deposited.
  - Special deposits are not property of the Bank.
  - If the Bank fails, special deposits **do not become part of the receivership estate**, and therefore special depositors are entitled to be **paid in full before other creditors of the Bank.**

44



## Treatment of Deposits (cont'd)

### REVIEW OF ACCOUNT DOCUMENTATION IS ESSENTIAL!

- Whether a bank deposit is "special" or "general" "depends upon the mutual understanding and intention of the parties at the time [the] deposit is made . . ." also *Peoples Westchester Sav. Bank v. FDIC*, 961 F.2d 327, 330 (2d Cir. 1992); *In re Bennett Funding Group, Inc.*, 146 F.3d 136, 140 (2d Cir. 1998) (stating that the "intent of the parties" governs whether an account is "general" or "special" account).
- Under New York law, for example, courts review the terms of the applicable account agreement to evaluate the type of deposit relationship intended by the parties. See *Peoples Winchester Sav. Bank*, 961 F.2d at 331.
- To obtain special deposit protection, the key is to establish that the **Bank holds the assets in "trust" or "custody" for the depositor** and does not have a right to use, pledge, or hypothecate such assets.

45



## Priority of Claims

- **First**: Secured Creditors and Special Deposits
- **Second**: FDIC Administrative Expenses
- **Third**: Insured Depositors
- **Fourth**: Uninsured Depositors
- **Fifth**: General Creditors
- **Sixth**: Shareholders
- Per the FDIC, "in most cases, general creditors and stockholders realize little or no recovery."

46



## VI. Q&A

# Faculty

**Hon. Martin R. Barash** is a U.S. Bankruptcy Judge for the Central District of California in Woodland Hills and Santa Barbara, sworn in on March 26, 2015. He brings more than 20 years of legal experience to the bench. Prior to his appointment, Judge Barash had been a partner at Klee, Tuchin, Bogdanoff & Stern LLP in Los Angeles since 2001, where he represented debtors and other parties in chapter 11 cases and bankruptcy litigation. He first joined the firm as an associate in 1999. Earlier in his career, Judge Barash worked as an associate of Stutman, Treister & Glatt P.C. in Los Angeles. He also has served as an adjunct professor of law at California State University, Northridge. Following law school, Judge Barash clerked for Hon. Procter R. Hug, Jr. of the U.S. Court of Appeals for the Ninth Circuit from 1992-93. He is a former ABI Board member, for which he served on its Education Committee and currently serves on its Committee for Diversity, Equity, and Inclusion, and he is a former member of the Board of Governors of the Financial Lawyers Conference. In addition, he is a judicial director of the Los Angeles Bankruptcy Forum and a frequent panelist and lecturer on bankruptcy law. He also is a co-author of the national edition of the *Rutter Group Practice Guide: Bankruptcy*. Judge Barash received his A.B. *magna cum laude* in 1989 from Princeton University and his J.D. in 1992 from the UCLA School of Law, where he served as member, editor, business manager and symposium editor of the *UCLA Law Review*.

**Geoffrey S. Goodman** is a partner and litigation lawyer with Foley & Lardner LLP in Chicago, where his practice covers broad areas of bankruptcy and insolvency law and has focused on commodities and securities bankruptcies, as well as health care and energy bankruptcies. He is co-chair for the firm's Bankruptcy & Business Reorganizations Practice and a member of its Appellate Practice. Mr. Goodman has represented chapter 11 debtors, official creditors' committees, ad hoc committees, trustees, secured lenders, purchasers of assets and unsecured creditors in chapter 11 cases, including some of the largest chapter 11 cases in the country. In addition, he counsels clients in liquidations, workouts, assignments for the benefit of creditors and transactions, and handles bankruptcy and creditors' rights litigation in both federal and state court. Mr. Goodman has experience in the area of commodities and securities bankruptcies, having represented a consortium of customers holding over \$100 million in claims in the *MF Global* bankruptcy case and serving as special commodities counsel to the chapter 7 trustee in the Peregrine Financial Group, Inc. bankruptcy. Mr. Goodman also served as counsel to one of the largest creditors in the multi-billion dollar chapter 11 case of *In re Refco, Inc.* in the U.S. Bankruptcy Court for the Southern District of New York and as counsel to an ad hoc committee of customers in the billion dollar case of *In re Sentinel Management Group, Inc.* in the U.S. Bankruptcy Court for the Northern District of Illinois. He has counseled large mutual funds, hedge funds, futures commission merchants, exchanges and other entities in this area. His practice also covers the areas of health care and energy bankruptcies, having served as counsel to the debtor and large secured and unsecured creditors in significant health care cases and counsel to the creditors' committee in the large chapter 11 cases of coal companies Horizon Natural Resources Co., Trinity Coal Corp. and Black Diamond Mining Company, LLC. Prior to joining Foley, Mr. Goodman clerked for Hon. Francis D. Murnaghan, Jr. of the U.S. Court of Appeals for the Fourth Circuit. He received his B.A. in political science with honors in 1996 from Illinois Wesleyan University and his J.D. *summa cum laude* in 1999 from the University of Illinois College of Law, where he was notes editor of the *Law Review* and elected to the Order of the Coif.



**Jeff Liu, CFA** is a senior director with Alvarez & Marsal North American Commercial Restructuring in Los Angeles, where he specializes in financial and strategic planning, liquidity management, and the implementation of financial strategies for corporate turnarounds and restructurings. He is currently serving as the treasurer and assistant CRO for SVB Financial Group, where his responsibilities include management of day-to-day liquidity, oversight of the investment portfolio, and various other key workstreams as part of the overall restructuring process. Mr. Liu has more than 18 years of financial experience in advisory services, management, and as an investment professional across a wide range of industries. His notable restructuring engagements with A&M include Global Eagle Entertainment, Forever 21, JH Capital and Waypoint Leasing. Prior to joining A&M, Mr. Liu was SVP, head of Business Development and treasurer with General Wireless (d/b/a RadioShack). Previously, he spent eight years working for several hedge funds, analyzing and investing in securities of businesses across the capital structure in a variety of industries. He started his career as an investment banking analyst with Banc of America Securities' health care group, focusing on M&A and capital-raising transactions. Mr. Liu received his Bachelor's degree in finance from the University of Texas.

**William J. Nolan** is a senior managing director in FTI Consulting's Corporate Finance practice and leads the FTI's Financial Services practice. With more than 30 years of experience, he specializes in assisting senior management in financial and operational turnarounds and restructurings. Throughout his career, Mr. Nolan has worked with various financial services companies, including banks, mortgage firms, broker-dealers, commodity dealers, small business lenders and consumer lenders, managing restructurings both in and out of court. He has significant experience helping senior management teams and stakeholders develop and implement restructuring plans, stabilize operations, forecast liquidity, address underperforming operations, source debt and execute strategic transactions, including the divestiture of non-core operations and entire business enterprises. Mr. Nolan is currently working for First Citizens Bank in facilitating its acquisition of Silicon Valley Bank, and he has played key roles in other bank restructurings, such as Corp Group Banking, GMAC Bank, Capitol Bancorp, Advanta Bank and others. He also leads an FTI group that serves on the FDIC's panel of bank-resolution experts. Mr. Nolan acted as lead financial advisor to seven large mortgage REITs affected by the pandemic-induced shutdown, guiding them through the crisis and successfully reaching standstills and longer-term amendments, avoiding potential shutdowns and liquidations. He also led the financial and operational restructuring of Residential Capital (ResCap), one of the nation's largest residential mortgage originators and servicers, and he served as the restructuring advisor to the chapter 11 trustee of MF Global, a significant international broker-dealer specializing in financial derivatives and commodities. Throughout his career, Mr. Nolan has worked with a variety of residential mortgage companies. Before joining FTI Consulting, he was a partner in the U.S. division of PwC's Business Recovery Services group. Mr. Nolan received his B.S. in economics from the University of Delaware and his M.B.A. in finance from the Wharton School of Business at the University of Pennsylvania.