IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	Chapter 11
FTX TRADING LTD., *et al.*,	Case No. 22-11068 (KBO)
Debtors.	(Jointly Administered)

DECLARATION OF STEPHANIE G. WHEELER IN SUPPORT OF THE FTX RECOVERY TRUST'S MOTION FOR RECONSIDERATION

I, Stephanie G. Wheeler, hereby declare that the following is true and correct to the best of my knowledge, information and belief:

1. I am a member in good standing of the Bar of the State of New York and have been admitted *pro hac vice* to practice before this Court. I am a partner of Sullivan & Cromwell LLP and am one of the attorneys representing the FTX Recovery Trust (the "Trust") in the above-captioned cases. I submit this declaration in connection with the *FTX Recovery Trust's Reply in Support of the Motion for Reconsideration*, filed concurrently herewith.

2. Following the June 25, 2025 hearing during which the Court allowed Ross Rheingans-Yoo's $650,000 FDU Claim[1] [D.I. 31312], on July 2, 2025, Scott Simon, counsel for Rheingans-Yoo, sent me an email stating that Rheingans-Yoo had designated Manifold for Charity, EIN 88-3668801, as the beneficiary of the FDU Claim. The email included a link to wire transfer instructions for a bank account in the name of Manifold for Charity. True and correct copies of the July 2, 2025 email Mr. Simon to me and the wire transfer instructions revealed by clicking on the link in the email are attached as **Exhibit 1**.

[1] Terms not otherwise defined herein shall have the same meaning as in the Motion.

3. During an August 8, 2025 video meeting among Mr. Simon, my colleague Daniel O'Hara, and myself, I stated that if the Trust paid Manifold for Charity the $650,000 for the FDU Claim, Manifold for Charity could then use that money to repay the $500,000 fraudulent transfer that the Debtors had made that was used to establish Manifold for Charity. Mr. Simon replied that Manifold for Charity could not use the $650,000 to pay that liability, because Manifold for Charity has a business model where its customers deposit money into segregated accounts in their names. When I asked why Manifold for Charity could not use the $650,000 in unrestricted funds to pay the $500,000 liability, Mr. Simon stated that Manifold for Charity permitted users to create customer accounts on the platform and to deposit money into their accounts, and Manifold for Charity then facilitated the charitable donations that the customers request.

4. When Mr. O'Hara asked Mr. Simon very directly: "Whose customer account is the $650,000 going into?," Mr. Simon responded that the $650,000 is going into "Ross' customer account" at Manifold for Charity. I told Mr. Simon that the Court's order did not permit Rheingans-Yoo to put the $650,000 into his account.

5. On August 14, 2025, Mr. Simon sent me an email stating that Rheingans-Yoo was "chang[ing] his designation from Manifold for Charity" and instead "hereby designates a different Effective Altruism charity: 1DaySooner, Inc." as the beneficiary of the FDU Claim. Mr. Simon's email requested that the Trust "confirm by noon on Monday, August 18, 2025, that the debtors have accepted the changed beneficiary and will withdraw the motion to reconsider and dismiss the amended adversary complaint as to Ross." A true and correct copy of Mr. Simon's August 14, 2025 email to me is included in the email chain attached hereto as **Exhibit 2**.

6. On August 15, 2025, Mr. O'Hara sent an email to Mr. Simon stating that the "Court's July 9 order does not permit Rheingans-Yoo to substitute another charity for the one he

originally designated," and stated that "[t]he Trust would not withdraw either the amended complaint or the motion for reconsideration." A true and correct copy of the August 15, 2025 email to Mr. Simon is included in the email chain attached hereto as **Exhibit 2**.

7. Attached hereto as **Exhibit 3** is a true and correct copy of a September 11, 2025 letter from my partner Brian Glueckstein of Sullivan & Cromwell, to Scott Simon, counsel for Rheingans-Yoo.

8. Attached hereto as **Exhibit 4** is a true and correct copy of a September 18, 2025 letter from Mr. Simon to Mr. Glueckstein.

9. Attached hereto as **Exhibit 5** is a true and correct copy of a September 22, 2025 letter from Mr. Glueckstein to Mr. Simon.

I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge, information, and belief.

Executed in New York, New York on this 9th day of October 2025.

Stephanie G. Wheeler

Stephanie G. Wheeler

EXHIBIT 1

From: Scott D. Simon <ssimon@goetzplatzer.com>
Sent: Wednesday, July 2, 2025 5:16 PM
To: Wheeler, Stephanie G.
Cc: Scott D. Simon; Glueckstein, Brian D.; Mayberry, Keila M.
Subject: [EXTERNAL] RE: proposed order allowing Ross's claim

Hi Stephanie,

Your revisions are acceptable. I will submit the proposed order, as revised, to the Court.

The Designated Beneficiary, as defined in the proposed order, is Manifold for Charity, d/b/a Manifund, EIN 88-3668801. Banking details are at https://manifoldmarkets.notion.site/Manifund-Deposit-via-DAF-ACH-wire-or-crypto-02aee92e884a47e49efd4d93242e2080 [manifoldmarkets.notion.site]

Let me know if you need any additional information to identify the Designated Beneficiary, or if Kroll needs any documents to make the distribution. sds

--
Scott D. Simon | Partner
Goetz Platzer LLP | 914-500-8737

From: Wheeler, Stephanie G. <WheelerS@sullcrom.com>
Sent: Tuesday, July 1, 2025 9:21 AM
To: Scott D. Simon <ssimon@goetzplatzer.com>
Cc: Glueckstein, Brian D. <gluecksteinb@sullcrom.com>; Mayberry, Keila M. <mayberryk@sullcrom.com>; Wheeler, Stephanie G. <WheelerS@sullcrom.com>
Subject: RE: proposed order allowing Ross's claim

Dear Scott,

Attached are our revisions to the proposed order.

Best,

Stephanie

From: Scott D. Simon <ssimon@goetzplatzer.com>
Sent: Thursday, June 26, 2025 4:10 PM
To: Wheeler, Stephanie G. <WheelerS@sullcrom.com>
Cc: Scott D. Simon <ssimon@goetzplatzer.com>; Glueckstein, Brian D. <gluecksteinb@sullcrom.com>; Mayberry, Keila M. <mayberryk@sullcrom.com>
Subject: [EXTERNAL] proposed order allowing Ross's claim

Stephanie,

Attached is a proposed order allowing Ross's FDU claim. Please let me know if you have any comments.

Ross will identify a charity for payment of the claim. Once he does so, I will advise you of the charity's name, address, and contact information.

Scott D. Simon
Partner
Goetz Platzer LLP
One Penn Plaza | Suite 3100 | NY, NY 10119
T 914.500.8737 | F 212.629.4013
goetzplatzer.com [goetzfitz.com]

Manifund: Deposit via DAF, ACH/wire, or crypto

4 more properties

Manifund accepts large donations via DAF (donor-advised fund), wire/ACH transfer, or crypto!

- We prefer such donations for large amounts ($10k+); for smaller amounts, please donate via credit card.
- We ask our largest donors ($50k+ in lifetime donations) to send an additional 5%, to offset Manifund's operational costs.

! Before making your donation, register it here: https://airtable.com/appOfJtzt8yUTBFcD/pagKKSjAXCUkwUikk/form

Donor-advised funds (DAFs)

ACH or wire transfer

Crypto

Donor-advised funds (DAFs)

Manifold for Charity's EIN number: `88-3668801`

- Some DAF providers support sending donations via bank transfer (ACH/wire) or online (Paypal); **this is strongly preferred over a check**, as it reduces processing times and the chance of the check getting lost in the mail.
- However, if your DAF provider only supports checks, **please ensure they are using our current mailing address for checks:** `1680 Mission St, San Francisco, CA 94103`
- ▼ Consider marking your grant as unrestricted through your DAF.

  We recommend that you ask your DAFs to make an unrestricted grant to Manifold for Charity, and then tell us how you'd like your funds spent through our donation form. (Or, if you have the option, represent this as a transfer to another DAF). This helps us process your grant faster, as your DAF may not understand how we operate and may otherwise require us to do a slow back-and-forth explaining our processes, sometimes blocking the grant entirely.

ACH or wire transfer

Use these details to send both domestic wires and ACH transfers.

Account number	202351765268
Routing number	091311229
Beneficiary name	Manifold for Charity
Beneficiary address	425 Divisadero Street, Suite 300 San Francisco, CA 94117
Bank name	Choice Financial Group
Bank address	4501 23rd Avenue S Fargo, ND 58104

Crypto

! While Manifund supports donations via crypto, we have a more complex process to ensure your money does not get sent to the wrong address.

Before making your full donation, **please first test send $10** so we can verify that the payment went through. This helps to prevent typos and other accidents that will eat your money. You can see our crypto payment information below.

After sending the test $10, **wait to donate to Manifund** until someone from Manifund emails you verifying that the donation went through.

Reminder — please fill out this form **BEFORE** making large donations ($5k+) to Manifund via crypto.

We accept USDC over Ethereum and Solana.

USDC address (Ethereum): `0xe5B835CA40BD37EE6E0eb05B1bD99D3BF197e042`

USDC address (Solana): `HaH9Gy9UPwa3Um6DQgHNAD7eD13oUmrRxe3CVvQydMpE`

For large donors, we may also accept other cryptocurrencies, with an additional fee for currency conversion (typically 1%); reach out to austin@manifund.org if interested.

▶ Archive

EXHIBIT 2

From: Scott D. Simon <ssimon@goetzplatzer.com>
Sent: Saturday, August 16, 2025 8:31 AM
To: O'Hara, Daniel P.
Cc: Mayberry, Keila M.; Glueckstein, Brian D.; Scott D. Simon; Wheeler, Stephanie G.
Subject: [EXTERNAL] RE: Ross Rheingans-Yoo FDU designation

Dan,

Your sincere concern about my clients' potential conflict of interest is noted. Rest assured that they were informed about and waived it long before your email arrived.

--
Scott D. Simon | Partner
Goetz Platzer LLP | 914-500-8737

From: O'Hara, Daniel P. <oharad@sullcrom.com>
Sent: Friday, August 15, 2025 3:06 PM
To: Scott D. Simon <ssimon@goetzplatzer.com>; Wheeler, Stephanie G. <WheelerS@sullcrom.com>
Cc: Mayberry, Keila M. <mayberryk@sullcrom.com>; Glueckstein, Brian D. <gluecksteinb@sullcrom.com>
Subject: RE: Ross Rheingans-Yoo FDU designation

Scott,

The Court's July 9 order does not permit Rheingans-Yoo to substitute another charity for the one he originally designated. Moreover, it appears there is a potential conflict of interest in your representing Rheingans-Yoo and Manifold for Charity and conveying a settlement offer in which Rheingans-Yoo purports to be depriving Manifold for Charity of the potential to receive $650,000.

The Trust will not withdraw either the amended complaint or the motion for reconsideration. We have attached a draft case management plan for the amended complaint. Please let us know if the draft is acceptable and if we may e-sign.

Thanks,
Dan

Daniel P. O'Hara
+1 212 558 4294 (T) | +1 908 644 6682 (M)

From: Scott D. Simon <ssimon@goetzplatzer.com>
Sent: Thursday, August 14, 2025 11:03 AM
To: Wheeler, Stephanie G. <WheelerS@sullcrom.com>
Cc: Mayberry, Keila M. <mayberryk@sullcrom.com>; Scott D. Simon <ssimon@goetzplatzer.com>; Glueckstein, Brian D. <gluecksteinb@sullcrom.com>; O'Hara, Daniel P. <oharad@sullcrom.com>
Subject: [EXTERNAL] Ross Rheingans-Yoo FDU designation

Stephanie,

The debtors' motion for reconsideration and amended adversary proceeding complaint take issue with Ross's selection of Manifold for Charity as the recipient of his allowed FDU claim. Having reviewed those pleadings, we believe the claims are not warranted by existing law and the factual contentions lack evidentiary support.

Moreover, upon information and belief the debtors have not directed their claims administrator to pay the FDU claim to Manifold for Charity. Neither the motion for reconsideration nor the amended adversary complaint sought or obtained a stay of the order allowing the FDU claim. The debtors are in default of the order.

Notwithstanding our opinion of the motion, amended complaint, and the debtors' default under the order, Ross is willing to eliminate the parties' ongoing litigation costs and conserve judicial resources by changing his designation from Manifold for Charity. Ross hereby designates a different Effective Altruism charity: 1DaySooner Inc., EIN 85-1103820.

As you are aware, 1Day Sooner received approximately $400,000 in charitable transfers from the debtors. 1Day Sooner – voluntarily and unprompted by the debtors – reached out to return the funds in February 2023. The debtors accepted the return of those funds in December 2023.

Although the designation of an EA charity alone is sufficient to direct the grant, and without conceding that the debtors are entitled to do so, Ross is willing to answer written questions about 1Day Sooner to prospectively alleviate any concerns that the debtors may have about its philanthropy or relationship to Ross.

Please confirm by noon on Monday, August 18, 2025, that the debtors have accepted the changed beneficiary and will withdraw the motion to reconsider and dismiss the amended adversary complaint as to Ross.

Scott D. Simon
Partner
Goetz Platzer LLP
One Penn Plaza | Suite 3100 | NY, NY 10119
T 914.500.8737 | F 212.629.4013
goetzplatzer.com [goetzfitz.com]

EXHIBIT 3

SULLIVAN & CROMWELL LLP

TELEPHONE: 1-212-558-4000
FACSIMILE: 1-212-558-3588
WWW.SULLCROM.COM

125 Broad Street
New York, New York 10004-2498

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September 11, 2025

Via E-mail

Scott D. Simon,
Goetz Platzer LLP,
1 Pennsylvania Plaza,
New York, New York 10119.

Re: *FTX Recovery Trust* v. *Manifold Markets, Inc., et al.*, Adv. Pro. No. 24-50214 (KBO)

Dear Scott:

We write on behalf of the FTX Recovery Trust (the "Trust") in response to your August 21, 2025 letter threatening to seek sanctions against the Trust, and attaching a draft motion (the "Motion") under Rule 9011 of the Federal Rules of Bankruptcy Procedure and 28 U.S.C. § 1927.

We are baffled by your letter and draft Motion. Contrary to your baseless accusation that the Trust is pursuing a "vindictive campaign" against your client, both the Trust's *Motion for Reconsideration or to Modify Order Allowing Rheingan-Yoo's FDU Claim* [D.I. 31846] (the "Motion for Reconsideration") and the *First Amended Complaint for Avoidance and Recovery of Transfers Pursuant to 11 U.S.C. §§ 105, 544, 548, and 550, and Del. Code Ann. Tit. 6, §§ 1304 and 1305, and for Disallowance or Subordination of Claim Pursuant to 11 U.S.C. §§ 502 and 510* [Adv. D.I. 38] (the "Amended Complaint") are well-founded and brought for bona fide purposes. While your Motion is replete with mischaracterizations of both the facts and the law, we respond to the concerns below in the interest of minimizing any burden on the Court.[1]

The Motion for Reconsideration

Your assertion that the Trust's Motion for Reconsideration does not seek to address evidence that was unavailable before the hearing on the FDU Claim is incorrect. First, at the time of the June 25, 2025 hearing on the FDU Claim (the "Hearing"), neither the Trust nor the Court knew the identity of the designated beneficiary of the FDU Claim.

[1] Terms not defined herein shall have the same meaning as used in the Motion for Reconsideration.

Second, at the time of the Hearing, neither the Trust nor the Court knew that Mr. Rheingans-Yoo, contrary to the representations made to the Court, intended for the $650,000 to be deposited into an account in his own name (not a charity's name).

After Mr. Rheingans-Yoo designated Manifold for Charity as the beneficiary of the FDU Claim in an email to counsel to the Trust dated July 2, 2025, the Trust immediately investigated Manifold for Charity and learned that Mr. Rheingans-Yoo sat on the board of that entity. Contrary to your assertions, Mr. Rheingans-Yoo did not "disclose" his position on the Board simply by posting about it on his "public website," or by counsel saying in the email identifying the beneficiary, "[l]et me know if you need any additional information to identify the Designated Beneficiary." Motion ¶¶ 19, 34. Mr. Rheingans-Yoo's failure to disclose that he had designated a charity on whose Board he sat and that had ultimately received a $500,000 transfer from the FTX Group pre-petition, raised significant concerns for the Trust. Among these, the Trust was concerned that Mr. Rheingans-Yoo's service on the Board could result in his receiving, in his capacity as a director, compensation derived from the FDU Bonus. Motion for Reconsideration ¶¶ 39, 47.

The Trust's concerns were well-founded. During an August 8, 2025 call with counsel for the Trust, you admitted that, despite Mr. Rheingans-Yoo having designated Manifold for Charity as the beneficiary and having provided the Trust with wire instructions for that entity, Mr. Rheingans-Yoo actually intended to direct the FDU Bonus into an account *in his name* at Manifold for Charity—not to an account that Manifold for Charity controlled—and the funds would be distributed at Mr. Rheingans-Yoo's direction. This revelation was shocking to the Trust because it contradicted representations you made to the Court during the Hearing and on which the Court specifically relied in allowing the FDU Claim. During the Hearing, you repeatedly represented to the Court that "it's not our position that Ross should be paid this FDU Claim." Hearing Tr. 32:11-12; *see also id.* 39:14-16 ("Ross does not seek to be paid that money, but Ross has the property right to direct the Debtor to pay that money."). The Court accepted and relied on those representations in allowing the FDU Claim. *Id.* 46:15-17 ("Mr. [Rheingans]-Yoo has indicated that he is not seeking to receive payment of the claim; he would like it directed to the charity.").

Your Motion conspicuously omits the fact that Mr. Rheingans-Yoo intended to circumvent the Court's July 9, 2025 order by surreptitiously directing the FDU Bonus to a personal account in Mr. Rheingans-Yoo's name, rather than to an account belonging to an Effective Altruist charity. It is simply impossible to square that with the representations you made to the Court that "Ross does not seek to be paid that money." *See id.* at 39:14-15.

As the Trust explained in its Motion for Reconsideration, this new evidence "must be evaluated in the larger context of these Chapter 11 Cases" including pre-petition issues concerning "charitable" donations, and reconsideration is warranted because, in this context, "the record presented" would be "so patently unfair and tainted that the error is manifestly clear to all who view it." Motion for Reconsideration ¶¶ 4, 5.

Only after the Trust discovered the full extent of Mr. Rheingans-Yoo's attempted self-dealing and deception on the Court during the August 8, 2025 call did Mr. Rheingans-Yoo attempt to cure his misconduct by attempting to designate another charity. The Motion bizarrely claims that there "is no manifest injustice presented by a change in beneficiary." Motion at 18. Moreover, it is well-settled that conduct under Rule 11 is assessed by "what was reasonable to believe at the time" the pleading "was submitted." *Scott* v. *Vantage Corp.*, 64 F.4th 462, 473 (3d Cir. 2023). Mr. Rheingans-Yoo cannot deceive the Court and then, when caught, try to cover up his misconduct by changing the facts and then bringing a Rule 11 Motion based on the changed facts.[2]

Moreover, the assertion that the purported designation of a different charity as the beneficiary of the FDU Claim resolves any concerns raised in the Motion for Reconsideration or the Amended Complaint is a red herring. Mr. Rheingans-Yoo's attempt at a "do-over" does not resolve the Trust's concerns. Further, the July 9 Order only permitted distribution on the claim to "***the*** Effective Altruism-driven charity," designated in writing (July 9 Order ¶ 3), and not, for example, to "***any*** Effective Altruism-driven charity." Indeed, the Court expressly reserved jurisdiction to address any dispute following the designation of the beneficiary of the FDU Claim. *See Id.* ¶ 8; Hearing Tr. 46:22-25 ("If there's dispute, with respect to . . . the charity that is designated; that issue is not before me today and I would entertain the dispute, if there is one.").

The Amended Complaint

The Court's July 9 Order determined that the employment agreement created a valid pre-petition obligation between the FTX Group and Mr. Rheingans-Yoo to transfer $650,000 to an Effective Altruism-driven charity, and that Mr. Rheingans-Yoo therefore held a valid claim against the Trust. *See* Hearing Tr. 46:2-4 ("I do find that the claimant has standing to assert this claim, given his personal interests in the FDU and the bonus."); July 9 Order ¶ 3. The Court explicitly recognized, however, that the Trust could seek to avoid any transfer or obligation if the claim were allowed. *See* Hearing Tr. 40:14-41:10. The Motion thus entirely ignores that the allowance of the claim is not "the end of the inquiry." Motion ¶ 5. Indeed, a trustee does not waive the right to initiate an avoidance action against a creditor to whom objections were made and adjudicated on other grounds. *See In re Cambridge Indus. Holdings, Inc.*, 2006 WL 516764 (D. Del. Mar. 2, 2006); *In re AmeriServe Food Distrib., Inc.*, 315 B.R. 24, 34 (Bankr. D. Del. 2004) ("[Section] 502(d) [does not] prohibit a preference action that is commenced after a claim is allowed."); *In re Rhythms NetConnections Inc.*, 300 B.R. 404, 410 (Bankr. S.D.N.Y. 2003) ("A debtor is not required to assert an avoidable transfer as a counterclaim to a proof of claim, although the debtor is free to do so."). The July 9 Order explicitly retained the Trust's "rights under the Bankruptcy Code or any other applicable law." July 9 Order ¶ 5.

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[2] Similarly, "manifest injustice" for purposes of a motion for reconsideration is determined by reference to the record at the time the July 9 Order was entered. Allowing Mr. Rheingans-Yoo to escape the consequences of his misleading statements to the Court and the Trust by simply designating a new beneficiary would present a "manifest injustice."

The Motion misunderstands the Amended Complaint and the applicable law. Specifically, the Motion asserts that (i) the Trust cannot pursue avoidance or disallowance, (ii) that Mr. Rheingans-Yoo's conduct does not warrant equitable subordination, and (iii) that the doctrine of *in pari delicto* forecloses the Trust's claims. We address each of these arguments in turn.

Fraudulent Transfers and Disallowance

As you know, it is the intent of the transferor—not the transferee—that is relevant for pleading an actual fraudulent transfer claim. *See In re Elrod Holdings Corp.*, 421 B.R. 700, 709 (Bankr. D. Del. 2010). The Motion's refrain that "Ross did nothing wrong" therefore misses the point. Motion at ¶ 17. The Court will not look to Mr. Rheingans-Yoo's intent in determining whether the FDU Bonus was an obligation created with fraudulent intent. Similarly, the Motion incorrectly states that an essential element for any fraudulent transfer claim is that "the defendant [has] received the alleged fraudulent transfer." Motion ¶ 68. To the contrary, it is black letter law that a trustee may avoid "any *obligation* [] incurred by the debtor." *See* 11 U.S.C. §§ 544(b), 548(a)(1)(A), 548(a)(1)(B) (emphasis added). Indeed, an obligation remains avoidable even if the resulting payment would occur post-petition. *See Alameda Research Ltd.* v. *Giles*, 2024 Bankr. LEXIS 2584, at *54-56 (Bankr. D. Del. Oct. 23, 2024) (denying motion to dismiss fraudulent transfer claims to avoid the obligation to make post-petition payments). The Trust seeks to avoid the *pre-petition* obligation to Mr. Rheingans-Yoo to pay the FDU Bonus to the designated beneficiary.

Accordingly, your contention that the Trust's avoidance and disallowance claims fail under Sections 550 and 502 for failure to plead essential fraudulent transfer elements is without merit. Motion ¶¶ 66-74 . The Bankruptcy Court has previously held in these Chapter 11 Cases that where fraudulent transfer claims survive a motion to dismiss, claims under Sections 550 and 502 are "permitted to proceed." *Giles,* 2024 Bankr. LEXIS 2584, at *56 (denying motions to dismiss counts under Sections 550 and 502); *see also In re AmeriServe Food Distrib., Inc.*, 315 B.R. 24, 34 (Bankr. D. Del. 2004) ("[Section] 502(d) automatically holds up the allowance of a claim pending the preference determination.").

Equitable subordination

By reference to an unrelated defined term, the Motion declares that Mr. Rheingans-Yoo is not an "insider" for purposes of equitable subordination. Motion ¶ 77. But the record does not support such a self-serving conclusion. You admitted at the Hearing that "Ross was the director of an FTX affiliate called 'Latona Bioscience,'" and that "Latona was one of the charitable arms of FTX." Hearing Tr. 38:19-22. Bankruptcy Code Section 101(31)(E) defines an "insider" as including an "insider of an affiliate as if such affiliate were the debtor." Further, an individual may be a "non-statutory insider" as a result of "(1) the closeness of the relationship between the transferor and transferee, (2) the degree of influence the transferee exerts over the transferor, and (3) whether the transactions were arms-length." *In re Opus East, LLC*, 528 B.R. 30, 93 (Bankr. D. Del. 2015).

The Trust's equitable subordination claim is well-founded whether Mr. Rheingans-Yoo ultimately is determined to be an "insider" or not. The Amended Complaint alleges—and Mr. Rheingans-Yoo concedes—that he negotiated the FDU Bonus directly with Mr. Bankman-Fried, and that the bonus purportedly arose from an agreement with an entity by which he was only nominally employed, and for which he performed no actual work. Amended Compl. ¶ 45. Through his position at Latona and his ties to FTX Philanthropy, Mr. Rheingans-Yoo knew that Mr. Bankman-Fried routinely disguised transfers as "charitable" contributions. Many of those transfers were little more than pretense to enrich Mr. Bankman-Fried's acquaintances—among them, Mr. Rheingans-Yoo himself.

As you know, whether a claim should be subordinated "is a fact-intensive inquiry" which the Court will not address on a motion to dismiss. *In re Autobacs Strauss, Inc.*, 473 B.R. 525, 583 (Bankr. D. Del. 2012). The Trust intends to take discovery of Mr. Rheingans-Yoo relating to the creation of the FDU Bonus and his intent to designate Manifold for Charity as the recipient.

In Pari Delicto

Your argument that the doctrine of *in pari delicto* is a "complete defense" to the Amended Complaint also is inapposite. Motion¶¶ 83-88. *In pari delicto* is an affirmative defense that does not—by itself—bar the Trust from seeking to recover or avoid fraudulent transfers and obligations. *See In re Student Fin. Corp.*, 335 B.R. 539, 547 (D. Del. 2005) ("[*I*]*n pari delicto* is an affirmative defense . . . [and] will not operate to bar claims against insiders of the debtor corporation"). An affirmative defense cannot typically serve as the basis for a Rule 11 sanction. *See In re Berger Indus.* 298 B.R. 37, 41 (Bankr. E.D.N.Y. 2003) ("Requiring a plaintiff to anticipate affirmative defenses to avoid Bankruptcy Rule 9011 sanctions reorders traditional burdens of pleading and would, in effect, impermissibly change the requirement for a reasonable pre-filing inquiry into pre-filing discovery."). Regardless, the defense fails on the merits. *In parli delicto* does not apply where, as here, independent management has replaced the former wrongdoers, and the Trust now pursues the claims. *See Scholes* v. *Lehmann*, 56 F.3d 750, 754 (7th Cir. 1995) (concern that a "wrongdoer [will] be allowed to profit from his wrong by recovering property that he had parted with in order to thwart his creditors . . . falls out" if the wrongdoer has been "ousted from control of and beneficial interest in the corporations"); *see also In re Art & Architecture Books of the 21st Century*, 2019 Bankr. LEXIS 3736, at *48-49 (Bankr. C.D. Cal. Dec. 6, 2019) ("The court agrees with the Plan Agent that it is not equitable, if not in bad taste, for [defendant] to argue that if he committed bad acts as debtor's principal, they are imputed to the Plan Agent who, under the Plan, is attempting to recover the value of the estate for payment of the claims of innocent creditors who were apparently victimized by such bad acts."). Moreover, courts generally find the defense inapplicable to actions arising out of the Bankruptcy Code, such as those seeking to avoid fraudulent transfers or for equitable subordination. *See In re Personal & Bus. Ins. Agency*, 334 F.3d 239, 245-47 (3rd Cir. 2003) (holding that the doctrine of *in pari delicto* does not apply to a trustee bringing an action under § 548); *see also In re Auto. Profs., Inc.*, 398 B.R. 256, 262-63 (Bankr. N.D. Ill. 2008) (collecting cases); *In re Bernard L. Madoff Inv. Secs. LLC*¸557 B.R. 89 (Bankr. S.D.N.Y. 2016); *In re Bernard L. Madoff Inv. Secs. LLC*,

2015 WL 4734749, at *17 (Bankr. S.D.N.Y. Aug. 11, 2015) (unclean hands "is not a defense to an equitable subordination claim because the claim focuses on the inequitable conduct of the creditor, not the debtor").

* * *

The unfounded accusations in your letter and draft Motion come nowhere close to establishing a Rule 9011 or Section 1927 violation, and the Trust will not withdraw the Motion for Reconsideration or the Amended Complaint. Please be advised that if Mr. Rheingans-Yoo files his frivolous motion, the Trust reserves all rights, including to obtain costs from Mr. Rheingans-Yoo. *See* Fed. R. Civ. P. 11(c)(2) ("[T]he court may award to the prevailing party the reasonable expenses, including attorney's fees, incurred for the motion.").

Sincerely,

/s/ Brian D. Glueckstein

Brian D. Glueckstein

cc: Stephanie G. Wheeler
(Sullivan & Cromwell LLP)

Adam G. Landis
(Landis Rath & Cobb LLP)

Michael Joyce
(Joyce LLC)

EXHIBIT 4

GOETZ PLATZER
ATTORNEYS AT LAW | NEW YORK, NY

Scott D. Simon
Partner
ssimon@goetzplatzer.com

By Email

September 18, 2025

Sullivan & Cromwell LLP
Brian D. Glueckstein
125 Broad Street
New York, NY 10004

Re: In re FTX Trading Ltd., et al., No. 22-11068 (KBO)
Ross Rheingans-Yoo – Motion to Reconsider and Adversary Proceeding

Dear Brian:

I write in response to your September 11, 2025 letter, which itself responded to my August 21, 2025 notice and motion under Bankruptcy Rule 9011 and 28 U.S.C. § 1927 ("Motion"). You said you were "baffled" by the Motion. Since the purpose of notice under Rule 9011 is to allow the moving party to reconsider its filings, allow me to rectify your bafflement and correct your numerous misunderstandings in the hope that you will reconsider.

The Motion for Reconsideration

The Trust claims it has "significant concerns" that Ross sits on the board of Manifold for Charity and could therefore derive compensation from the FDU Bonus. This concern is frivolous because the Trust is trying to add a term to the Bonus Memo and FDU Order that does not exist. The Bonus Memo awarded Ross $650,000 paid "to any EA-driven cause." The FDU Order directs payment of the FDU Bonus "to the Effective Altruism-driven charity identified" by Ross. Neither document says, "any EA-driven cause *provided that Ross does not sit on the cause's board of directors*." Even if Manifold for Chairty paid its directors – as stated in the Motion, it does not – the Trust cannot object to allowance of the FDU Claim on this ground.

The Trust claims it has "well-founded" concerns that the FDU Bonus will be paid into an account in Ross's name at Manifold for Charity. This concern is also frivolous. As you write, conduct under Rule 11 is assessed by what was reasonable to believe when the offending pleading was filed. The Trust filed its Motion for Reconsideration and Amended Complaint on July 24, 2025. The Trust could not have been concerned on July 24, 2025 that Ross will receive the FDU Bonus into his own hands since my conversation with Trust counsel occurred on August 8, 2025.

Furthermore, despite the Trust supposedly having "immediately investigated" Manifold for Charity, your letter betrays a fundamental misunderstanding of how it and other donor-advised funds ("DAF") operate. Cash donated to a DAF becomes the legal property of the DAF; it ceases to be property of the donor. *See* 26 U.S.C. § 4966. The IRS recognizes this transfer of property

rights by allowing the donor to take a charitable deduction in the year that assets are contributed to a DAF.

As a 501(c)(3), Manifold for Charity is restricted in how it can invest or direct these funds. Laws prevent the funds from being used for the private benefit of the donor or those connected to him. After funds are donated to the DAF, the role of the donor-advisor is limited to the provision of nonbinding advice as to how the assets may be invested or used for charitable purposes. The DAF provider – here, Manifold for Charity – is not required to follow such advice.

The DAF provider, however, may find it in the interest of its own mission to generally follow such advice within the constraints placed upon it as a 501(c)(3). This is because the DAF provider's mission in some part is to benefit the world through the uniquely and diversely informed choices of its donor-advisors. It is also because the DAF provider will likely attract future donations to that mission only to the extent that prospective donor-advisors believe that their opportunities to direct regranting will not be curtailed, except by the limitations inherent in any 501(c)(3).

The highest responsibility of the officers and directors of a DAF provider is to ensure that the provider only makes regrants for charitable purposes. It is officers' duty to ensure, and that of directors to oversee, that following a donor-advisor's advice does not illegally inure to private benefit. In this responsibility, the organization, its officers, and its directors are responsible to state and federal authorities under statutes against misuse of philanthropic funds.

In sum, my representations to the Court on June 25, 2025 that Ross does not seek to be paid the FDU Bonus were true when made and remain true now. My July 2, 2025 email provided wire instructions for Manifold for Charity, not Ross. There is no manifest injustice. Despite conducting a self-evidently deficient "investigation" of Manifold for Charity, the Trust now has the full picture. If you wish to rely on willful ignorance as to how DAFs work, then the Trust and its counsel do so at their peril under Rule 9011 and 28 U.S.C. § 1927.

Moving on, I disagree that Ross's directive to change the recipient from Manifold for Charity to 1Day Sooner is a "red herring." It is in fact the Motion's keystone. If the Trust is legitimately concerned about Manifold for Charity receiving the FDU Bonus, and those concerns are not put to rest by the Motion and this letter, why *wouldn't* those concerns be resolved by donating the funds to an EA charity where Ross does not sit on the board and that is not being sued by the Trust? The Court will not look kindly on the Trust's attempt to have its cake and eat it too. Either the Trust has legitimate concerns about Manifold for Charity that are resolved by donating the FDU Bonus to 1Day Sooner, or the Trust is concern trolling to deny Ross his employment compensation because the Trust did not like the Court's decision overruling the Claim Objection.

The Amended Complaint

You are right that a trustee does not waive the right to initiate an avoidance action against a creditor whose claim was objected to and adjudicated on other grounds. But I stand by my belief that the subsequent avoidance action must relate to a separate prepetition transfer. Stated another way, a trustee is not required to assert avoidance as a counterclaim in a claims objection proceeding. But the trustee cannot then bring an action to avoid the court's post-petition allowance of the identical claim.

You cite a single case in support of your contention that an obligation remains avoidable even if the resulting payment would occur post-petition: *Alameda Research Ltd. v. Giles*, 2024 Bankr. LEXIS 2584, at *54-56 (Bankr. D. Del. Oct. 23, 2024). The case is easily distinguishable. There, an FTX affiliate acquired a broker-dealer called Embed. The founder of Embed, Michael Giles, was paid a $55 million retention bonus on the transaction's prepetition September 30, 2022 closing date. Other Embed employees were entitled to post-closing retention payments due after the intervening bankruptcy case was filed. The Trust sought to avoid the entire transaction.

Yes, the court denied the defendants' motion to dismiss the claims to avoid the post-closing retention payments. However, the motion sought dismissal on the ground that the obligation to make the payments rested with Embed, a non-debtor. The Court held that because the source of Embed's payment was ultimately the debtor, the debtor could await final determination of the avoidance action before making the payments. Importantly, the court found that the retention payments "were made as part of the deal to acquire Embed." That is, the fraudulent nature of the *prepetition* Embed transaction allowed the debtor to seek avoidance.

Here, to the contrary, the prepetition transaction giving rise to the FDU Claim was Ross's employment. The Trust stipulated that the Trust and Ross entered into the Employment Agreement, a valid and enforceable contract. The Trust stipulated that Ross earned the FDU Bonus. The Trust stipulated that the Bonus Memo allowed Ross to designate any EA-driven cause as the beneficiary. The Trust cannot now assert that any of those prepetition events were actually or constructively fraudulent.

Your equitable subordination argument is also frivolous. You claim that through Ross's position at Latona he was an "insider" and "knew" that Sam Bankman-Fried made fraudulent charitable contributions. The argument is frivolous because the Trust pled in the Latona adversary proceeding that Ross was *not* an insider and did not control the purse strings. And critically, the Trust released Ross from any claim relating to fraudulent transfers by Latona and aiding and abetting the insiders' breach of fiduciary duty to the Trust as a result of such transfers. The Trust's release of Ross for these claims does not require a fact-intensive inquiry. As a matter of law, the

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Trust cannot use claims released in the Latona adversary proceeding as grounds for subordinating Ross's FDU Claim.

We agreed that I will not file the Motion before September 26, 2025. Having read this letter, you may wish to consult with your Delaware co-counsel and your client, both of whom will, along with you, be subject to sanctions for refusing to withdraw the Motion to Reconsider and the Amended Complaint. I suggest that further extending until October 24, 2025 the date for Ross to respond to the Motion to Reconsider, for all defendants to respond to the Amended Complaint, and before which I will not file the Rule 9011 Motion, will give you time to properly consider whether to withdraw the pleadings.

Kindly advise by Monday, September 22, 2025, whether you will stipulate to further extend these periods until October 24, 2025.

Nothing herein can or shall be construed as a waiver of Ross's rights, all of which are expressly reserved.

Very truly yours,

GOETZ PLATZER LLP

By: _____
Scott D. Simon

cc: Michael J. Joyce, Esq.
Stephanie H. Wheeler, Esq.
Adam G. Landis, Esq.

EXHIBIT 5

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September 22, 2025

Via E-mail

Scott D. Simon,
Goetz Platzer LLP,
1 Pennsylvania Plaza,
New York, New York 10119.

Re: *FTX Recovery Trust* v. *Manifold Markets, Inc., et al.*, Adv. Pro. No. 24-50214 (KBO)

Dear Scott:

We write on behalf of the FTX Recovery Trust (the "Trust") in response to your September 18, 2025 letter again threatening to seek sanctions against the Trust, and asking for a third extension of time for your clients to respond to the Trust's *Motion for Reconsideration or to Modify Order Allowing Rheingan-Yoo's FDU Claim* [D.I. 31846] (the "Motion for Reconsideration") and the *First Amended Complaint for Avoidance and Recovery of Transfers Pursuant to 11 U.S.C. §§ 105, 544, 548, and 550, and Del. Code Ann. Tit. 6, §§ 1304 and 1305, and for Disallowance or Subordination of Claim Pursuant to 11 U.S.C. §§ 502 and 510* [Adv. D.I. 38] (the "Amended Complaint").

For the reasons set forth in our letter dated September 11, 2025, the Trust will not withdraw the Motion for Reconsideration or the Amended Complaint. After the Trust filed the Motion for Reconsideration and Amended Complaint on July 23, 2025, you asked for, and we agreed to, an extension of your clients' time to respond until September 15, 2025—an extension of 51 days. [D.I. 32108]. After we sent our letter on September 11, 2025, you requested a call on September 12, 2025, during which you asked for another extension of time to respond to the Motion for Reconsideration and the Amended Complaint. Notwithstanding that we had previously granted you a lengthy extension of time to respond to those pleadings, we agreed to a further two-week extension as a professional courtesy. The Trust will not agree to any further extensions.

Sincerely,

/s/ Brian D. Glueckstein

Brian D. Glueckstein

cc: Stephanie G. Wheeler
(Sullivan & Cromwell LLP)

Adam G. Landis
(Landis Rath & Cobb LLP)

Michael Joyce
(Joyce LLC)