We want to make public what we shared with our founders in light of the SVB situation as this can be helpful to the broader community.

If you have any additional resources or feedback, please comment and we will reply/resolve comments here. If we are wrong about something, feel free to let us know.

We edited out personal banker contacts and other 50Y-specific advice.

We will update this doc as new information becomes available.

Sent March 10th at 1:45PM PT (3rd email about SVB since yesterday)

Dear 50Y Founders,

As of this morning, FDIC has taken over SVB. The FDIC press release.

- All insured deposits (maximum of $250k per entity per account type) should be available by Monday morning, March 13, 2023.
- In addition, the FDIC will release a portion of the deposits that aren't FDIC-insured next week in what's called an "advanced dividend". This amount is based on the most conservative estimate the FDIC can make on how much will be recoverable. So just because it's for 60% of the money you had deposited (as an example) does not mean the remaining 40% will not also be recovered. It's extremely likely that additional deposits will be freed up over time.

Our understanding is that the FDIC is now looking for a buyer for SVB. If a buyer comes through, all customer deposits will likely be retrievable. We should have clarity on whether this will happen by Monday.

Per the FDIC press release, anyone with accounts "in excess of $250,000 should contact the FDIC toll–free at 1-866-799-0959" to register the funds with FDIC. You should also access your SVB online account (it's available on and off) and download bank statements.

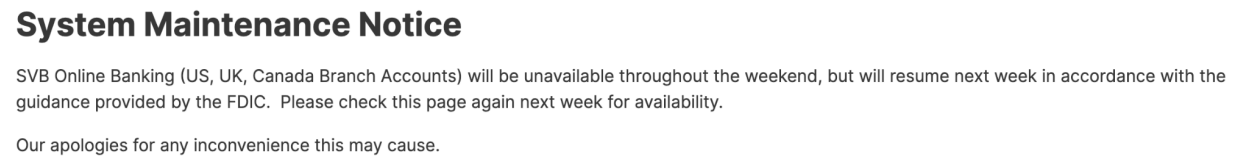
UPDATE: "An FDIC representative outside of a branch of Silicon Valley Bank in Palo Alto, CA said transactions that were pre-authorized before 11:15 PM Eastern time Thursday March 9th should go through." Source

UPDATE (4pm Friday March 10th): This is obviously speculative but we are hearing through the grapevine that currently (1) meetings are occurring between the Fed and large bank leaders

to purchase SVB (FDIC likely running an auction process) and (2) Fed + FDIC will work to guarantee deposits at the minimum

<u>UPDATE (5PM Friday March 10th):</u> Money market accounts (MMA) are likely protected given they are held off of SVB's balance sheet.

UPDATE (9AM Saturday March 11th): It's no longer possible to access SVB accounts online.



If you are affected by the situation, the key is to plan and not get too stressed:

- Figure out next 90 days and create a spreadsheet with 4 lines, update them weekly
    - Incoming payments
    - Payroll
    - Bills you have to pay
    - Bills you don't have to pay
- Identify exactly when liquidity crunch will hit
- Plan solutions for those and manage this daily/weekly

Actions you can take now:

- Get your documents in order. Gather documentation of the amounts that you have at SVB and document your rights to those.
- Export at least the last bank statement for all accounts. The SVB app keeps going up and down but it's possible.
- Look through your terms of arrangement with SVB, especially if you had debt.

Debt arrangements:

- Venture debt and other debt term sheets from SVB are unlikely to be honored.
- Maintain integrity of your debt agreement. We don't recommend defaulting as will accrue penalties.
- Payroll
    - Notify employees of delay if you will miss payroll
        - Non-exempt employees (hourly workers), paid twice a month
            - 1st paycheck - You have until the 26th to make payroll - penalties incurred after that date.
            - 2nd paycheck - Have until 10th
    - Exempt employees (salaried workers)
        - Due the 26th

- Late payroll:
    - To our understanding the penalty is $100 (first violation), $200 (further violations) per employee per late wage statement, but then penalties can be 25% of the late payroll.
- If you can't cover payroll right now: hopefully we will all get more clarity next week on the % of recoverable funds. Beyond that, options if you can't cover payroll: reduce workforce hours, salaries, furloughs.

Lines of credit:

- Tapping into these will be difficult from SVB. Interest or principal payment due - make the payment to avoid being in default.

Board/shareholder reporting:

- Transparency is important, overcommunicate.
- Personal account movement. If anyone has moved $ to personal accounts ensure you have proper board approval for that transfer and custodian agreement - acknowledge you are holding funds on behalf of the company and will set up a new company bank account asap.

List of short-term capital options:

- https://docs.google.com/spreadsheets/d/1ybdVoPiMq5fhpdvmllq5am0PTg5hhJHcQi0hDPH5dd4/edit#gid=0
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