IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	Chapter 11
STARRY GROUP HOLDINGS, INC., et al., [1]	Case No. 23-10219 (KBO)
Debtors.	(Jointly Administered)

AFFIDAVIT OF PUBLICATION OF THE NOTICE OF SALE, BIDDING PROCEDURES, AUCTION, AND SALE HEARING IN THE WALL STREET JOURNAL

1 The debtors in these cases, along with the last four digits of each debtor's federal tax identification number, are: Starry Group Holdings, Inc. (9355); Starry, Inc. (9616); Connect Everyone LLC (5896); Starry Installation Corp. (7000); Starry (MA), Inc. (2010); Starry Spectrum LLC (N/A); Testco LLC (5226); Starry Spectrum Holdings LLC (9444); Widmo Holdings LLC (9208); Vibrant Composites Inc. (8431); Starry Foreign Holdings Inc. (3025); and Starry PR Inc. (1214). The debtors' address is 38 Chauncy Street, Suite 200, Boston, Massachusetts 02111.

AFFIDAVIT

STATE OF NEW JERSEY)
) ss:
CITY OF MONMOUTH JUNCTION, in the COUNTY OF MIDDLESEX)

I, Wayne Sidor, being duly sworn, depose and say that I am the Advertising Clerk of the Publisher of THE WALL STREET JOURNAL, a daily national newspaper of general circulation throughout the United States, and that the notice attached to this Affidavit has been regularly published in THE WALL STREET JOURNAL for National distribution for

1 insertion(s) on the following date(s): 3/27/23

ADVERTISER: STARRY GROUP HOLDINGS, INC.

and that the foregoing statements are true and correct to the best of my knowledge.

Wayne Sidor

Sworn to
before me this
27th day of
March 2023

Notary Public

IAN C MARTIN
NOTARY PUBLIC
ID #
50086494
COMMISSION
EXPIRES
7/18/2023
STATE OF NEW JERSEY

FDIC Veteran on Running a Failed Bank

SVB and Signature Bank evoke memories of the 2008 collapse of lender IndyMac

By Candice Choi

John Bovenzi is part of the small club of people who have run a failed U.S. bank, a group whose membership expanded this month when regulators swooped in to take over Silicon Valley Bank and Signature Bank.

In 2008, Mr. Bovenzi, a longtime Federal Deposit Insurance Corp. staffer, took the helm at the failed mortgage lender IndyMac. What he discovered, and what likely faces executives running the latest failed banks, is that deposits flood out, but few come in. The employees who haven't left are looking for other jobs. It is possible some of the remaining higher-ups are responsible for what went wrong—and might even be questioned by law-enforcement officials.

"So that's a little twist—you're relying on people, but at the same time, investigators want to talk to everybody," Mr. Bovenzi said.

Until the failures of SVB and Signature, IndyMac was the second-biggest bank failure in U.S. history, behind Washington Mutual. Now the two recent collapses have bumped IndyMac into fourth place.

Like IndyMac, SVB and Signature were taken over by the FDIC. Unlike with IndyMac, the FDIC was able to draw on a roster of seasoned banking executives it had assembled in recent years for such emergencies. Tim Mayopoulos, former chief executive at **Fannie Mae** and a former top executive at Bank of America Corp., jumped in at SVB. Greg Carmichael, a former Fifth Third Bancorp chief, parachuted into Signature.

When IndyMac failed as its home loans soured, the FDIC didn't have a reserve corps of bank executives. It fell to Mr. Bovenzi, the agency's chief operating officer, to take over.

Mr. Bovenzi and a team from the FDIC flew to IndyMac's headquarters in Pasadena, Calif., on a Thursday, fanning out to different hotels and avoiding use of government-issued identification. "We didn't want the whole town to know it was filled with people from the FDIC the night before [the bank] was going to close," he said.

When the FDIC team arrived at IndyMac's offices the next day, Mr. Bovenzi said IndyMac's management didn't seem surprised—the CEO had already cleaned out his office.

The FDIC shut down the bank's branches soon after, which was before the end of the business day on the West Coast. That caused a headache when newspapers carried photos of customers banging on the doors of bank branches, desperate to get their money out.

On the first weekend after seizing the bank, the FDIC team's priority was to separate insured and uninsured deposits in advance of an expected influx of customers on Monday morning. Unlike with SVB and Signature, regulators only backed insured deposits, which at the time were capped at \$100,000. (Later, the FDIC raised the limit to \$250,000.)

Mr. Bovenzi's other pressing goal was telegraphing to the public through media interviews that insured deposits were safe. It was a tough sell.

"The only story that drew more attention that weekend was the birth of twins to Angelina Jolie and Brad Pitt," Mr. Bovenzi wrote in a book about his experiences at the FDIC.

Another challenge was that Mr. Bovenzi, who was then 55, had never worked at an actual bank, having started at the FDIC after graduate school. He said his deep knowledge of deposit insurance made him believe he could stabilize a chaotic situation.

"He just exuded so much confidence," said Arleas Upton Kea, the FDIC's head of internal operations at the time and one of the agency staffers who flew out to IndyMac. "And having people keep their money in financial institutions is all about maintaining confidence."

Even so, Mr. Bovenzi's reassurances didn't initially work.

"When we opened Monday morning, there was a bank run," Mr. Bovenzi said. "There were lines at all the branches of IndyMac."

The bank eventually handed out numbers to customers, giving them a time when they could return to withdraw money. That thinned the lines but didn't slow withdrawals. Over the first few weeks, customers drained about \$3 billion in deposits, Mr. Bovenzi said.

At the same time, regulators were trying to keep employees and put together retention packages for those who stuck it out. Not everyone was asked to stay.

The loan-origination offices were shut down as the lender's focus shifted to servicing existing mortgages.

"We weren't interested in making new loans," Mr. Bovenzi said. "That's what got the bank in trouble in the first place—all the subprime mortgages."

Mr. Bovenzi, now 70, recalls that as the new chief he moved into the ousted CEO's corner office, which was on the sixth floor, with expensive art and floor-to-ceiling windows looking out to the San Gabriel Mountains. The former CEO's company car, a Mercedes, was still in the parking lot. Mr. Bovenzi said he refrained from driving it. The car became one of the first IndyMac items the government sold.

Down the hallway, Mr. Bovenzi passed a man sitting in an office. "At one point, I went over and asked him, 'Well what do you do?' And he says, 'Well I've got a gun, I'm here to guard the office and the CEO,' " said Mr. Bovenzi, citing threats the company had been getting.

Like the Mercedes, that employee was soon gone.

Over time, the situation stabilized. Mr. Bovenzi was able to fly home more to see his wife, Erica, more often. At first, he told her that IndyMac would be a short-term assignment. "He comes home and he says he's going to California for a couple of weeks, and that wasn't true," said Ms. Bovenzi, who was a deputy general counsel at the FDIC at the time.

It wasn't until March 2009 that regulators sold IndyMac. Mr. Bovenzi left the FDIC soon after, joining Oliver Wyman, a management-consulting firm.

Today, the Bovenzis run a financial-services consulting firm in Alexandria, Va. Mr. Bovenzi expects Silicon Valley Bank's eventual sale to be much quicker than that of IndyMac. Already, the FDIC announced that New York Community Bancorp's Flagstar Bank would take on most of Signature's deposits.

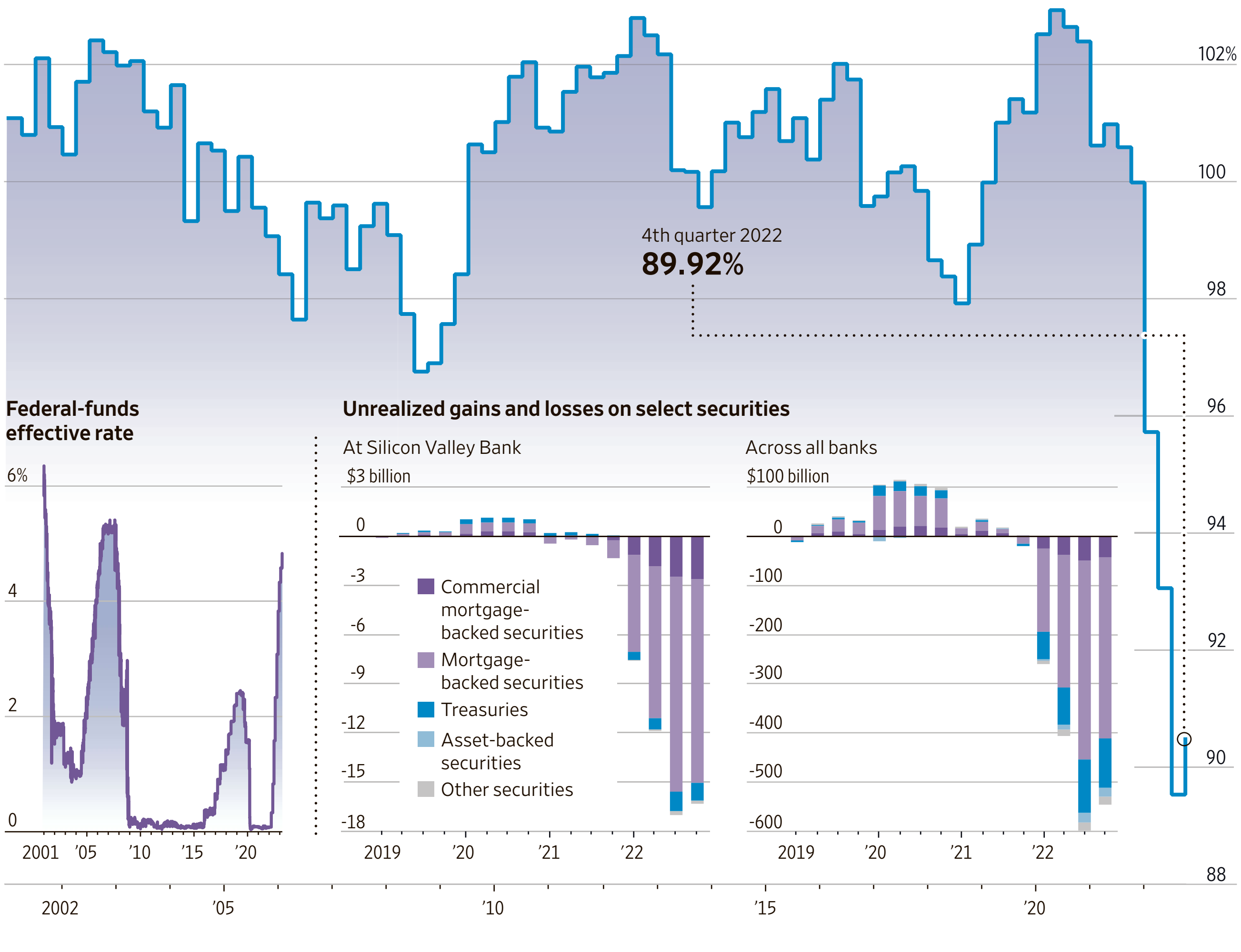
Still, Mr. Bovenzi warned of unexpected twists. At IndyMac, Lehman Brothers was hired to advise on the sale of the lender. Soon after, the investment bank itself collapsed in dramatic fashion.

"It was one more thing that can go wrong," Mr. Bovenzi said.

IndyMac employees preparing to open a branch to waiting customers after the 2008 FDIC takeover.

DAVID MCNEW/GETTY IMAGES

Quarterly market value of banks' securities as a percentage of cost



Note: Funds rate is a monthly average of daily rates

Sources: FDIC Consolidated Reports of Condition and Income (market value and select securities) Federal Reserve (rate)

Risks Linger in the Financial System

By Shane Shifflett And Danny Dougherty

The collapse of Silicon Valley Bank was driven in part by assets that lost value when interest rates rose. Higher rates will continue to weigh on banks' balance sheets.

Banks lost money on securities sensitive to rates such as Treasurys and mortgage-backed securities. Those losses will grow if rates keep going higher. If, as the Federal Reserve hopes, those rates slow the economy to ease inflation, the banks could face other losses. One risk is commercial real estate, where owners of half-empty office buildings might struggle to pay debts. That would hurt commercial mortgage-backed securities, which are declining in price.

◆ **Deposits are increasingly uninsured:** Banks enjoyed an influx in deposits during the pandemic as U.S. households accumulated about \$2.3 trillion in excess savings in 2020 and 2021, according to the Fed. Businesses stashed cash at banks in part because it was impossible to earn a safe, decent yield. But a growing share of the funds deposited with banks exceeded the Federal Deposit Insurance Corp.'s insured limit. Nearly \$8 trillion of \$250,000 of deposits at the end of 2022 were uninsured, up nearly 41% from the end of 2019, according to reports filed with the FDIC that were analyzed by The Wall Street Journal. Nearly 200 banks would be at risk of failure if half of uninsured depositors pulled their money from the banking system, according to a paper by economists from the University of Southern California, Northwestern University, Columbia University and Stanford University.

◆ **Mortgages are rate-sensitive:** Banks took those deposits and invested in mortgage-backed securities valued at \$2.8 trillion at the end of 2022, or about 53% of securitized investments, helping to fuel a pandemic housing boom. Homeowners gained a collective \$1.5 trillion in equity in 2020 from a year earlier as prices surged, according to CoreLogic. Sales of previously owned homes were down 22.6% in February from a year earlier, while the median existing-home price dropped for the first time in 11 years. Under accounting rules, banks don't have to recognize losses on most of their holdings unless they sell them. Unrealized losses on banks' mortgage-backed securities were \$368 billion at the end of 2022, according to FDIC data. Many fear rising rates will force other regional banks to sell holdings at a loss, potentially pushing prices lower. To address that risk, the Fed will offer loans at 100 cents on the dollar to banks that pledge assets such as Treasurys that have lost value.

◆ **Commercial real-estate risks are rising:** Unrealized losses on commercial real-estate debt securities reached \$43 billion last quarter, FDIC data show. Banks held \$444 billion of these securities at the end of 2022. But landlords are under pressure as businesses scale back on space because employees are working remotely. Office-space vacancy rates are expected to keep rising through 2024, according to the commercial real-estate services and research firm CBRE EA.

◆ **Banks' exposure could be multifaceted:** Landlords take out loans to purchase properties, and small banks hold \$2.3 trillion in commercial real-estate debt, according to Trepp Inc., or roughly 80% of commercial mortgages held by banks.

"The combination of lower operating income generated by office properties and a higher cost of financing, if they persist, would be expected to reduce valuations for these properties over time," said FDIC Chairman Martin Gruenberg.

At the end of last year, banks held \$17.5 trillion in loans and securities, while equity in the banking system was more than \$2 trillion, FDIC data show. Estimated unrealized losses on total bank credit reached \$1.7 trillion, according to a recent paper by New York University Prof. Philipp Schnabl and co-authors.

◆ **Shadow-banking issues are hard to quantify:** Risks could lurk elsewhere in the financial system. Private-equity firms often raise funds or borrow cash to buy assets such as companies and real estate. They can offer investors higher returns often by making risky bets that could get more expensive. On the positive side, no one mistakes these investments for insured bank deposits. On the negative side, private equity and private debt are black holes in the financial system.